



Florida Credit Union News

A publication of the Florida Credit Union League

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FCUL enjoys clean sweep in state congressional races; 97.6 percent winner in all races

Florida's credit unions backed every one of the winners in the November election to decide the state's congressional delegation for the next two years. The Florida Credit Union League, through its CUPAC and CULAC political action committees, enjoyed a huge electoral victory that positions credit unions well for the coming sessions in both Tallahassee and Washington, D.C.

Three electoral contests featured no incumbent and the League backed the winner in each race. Mel Martinez became the first Cuban-American elected to the United States Senate and is a big credit union supporter. Martinez, during the campaign, often told how it was a credit union that loaned him the money to buy a car shortly after he immigrated to Florida from Cuba.

Congressman-elect Debbie Wasserman-Schultz (D-20), backed by the League in

her first run for Congress, called FCUL's Executive Vice President Aletta Shutes the day after the election to thank the League for its early support of her campaign. Wasserman-Schultz has enjoyed credit union support for all of her campaigns dating back to her first campaign for the state legislature in 1992.

Congressman-elect Connie Mack, III (R-14), son of former United States Senator Connie Mack, won the seat vacated by CIA Director Porter Goss. Mack also called FCUL's Shutes the day after the election to thank her for being supportive of his bid for Congress.

Once all the votes were tallied and the winners decided, the League's success ratio for backing the winners stood at 97.6 percent for the general election. This contrasts to the 93.6 percent pace set by the League in the 2002 elections, which was a record at

the time. This year's success bodes well for credit unions, according to Shutes.

"Credit unions in Florida stepped up big-time this year," said Shutes, "and as a result, now have elected more credit union supportive candidates than ever before. We can now state with confidence that credit unions are major players in the Florida electoral process."

Shutes expressed satisfaction of being included in the thank you calls by winning candidates.

"It is a unique thing for candidates the day after a hectic election taking the time to call us and thanking us for our support. This never used to happen to us. We can only believe that our visibility and efforts are truly being recognized as significant."

2004 American Banker/Gallup Survey: CUs rank highest in customer satisfaction

Once again, credit unions rank highest in consumer satisfaction in the American Banker/Gallup Consumer Survey. This will be the 20th consecutive year credit unions have been on top in the satisfaction category; ahead of banks and thrifts.

According to the 2004 American Banker/Gallup Consumer Survey, 73 percent of credit union members are 'Very Satisfied' with their credit union. The survey results show that 58 percent of bank customers are 'Very Satisfied' with their

banks, and 59 percent of thrift customers are 'Very Satisfied' with their institution.

"Given the sharp focus and commitment on service to their members, it is not surprising that credit unions have posted such a sharp upturn in consumer satisfaction—perhaps driven by credit unions' determination to correct the recent brief decline in such scores," observed Credit Union National Association (CUNA) President/CEO Dan Mica. "What is most important, I believe, is that for the 20

consecutive years that this report has been published by *American Banker*, credit unions have never been anything other than in first place in consumer satisfaction. This dramatic upturn is just icing on the cake of a two-decade record of excellence."

According to the survey, 23 percent of respondents say they opened an account at a small credit union or small bank in the

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The **Florida Credit Union News** is a monthly publication of the Florida Credit Union League. For business information or subscriptions, write the Florida Credit Union League, call 800.342.1266, or email amy.jowers@fcul.org.

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The time has come

The elections are completed. The winners have been declared. The analysis of what happened is now in full gear. As reported elsewhere in this publication, Florida's credit unions have fared well from this year's election. Credit union backed candidates were successful in 97.3 percent of all congressional and legislative races. We backed 100 percent of the winners in the congressional races.

So, as these newly elected officials begin to assume their duties in the coming weeks and months, what does that mean for credit unions? Well, it means that all of our hard work to be involved and help choose who leads us has been very successful. That means that when we go to meet with these legislators and congressman that we can expect to at least have a friendly ear turned to hear our concerns, issues, and suggestions. That's good, because standing in the wings are our long-time adversaries, the Florida bankers.

Elections actually culminate one complete cycle, which begins shortly after the last election, and continues until the next election. The beginning of the new cycle represents another opportunity for credit unions to pledge their commitment to work for a greater and more extensive involvement in the electoral process. The coming battles in Congress and in Tallahassee will be the first test of that commitment.

There is no doubt that bankers all around the country are girding for the push to bring the taxation issue to the forefront in Congress next year. Many observers fully expect that the bankers will successfully convince one or more members of Congress to introduce a bill to repeal the credit union tax exemption. Notwithstanding the fact that President Bush and his entire administration opposes such a notion, the bankers will forge on and it is the conventional wisdom at this point that a real live bill will be in play.



Guy M. Hood
President/CEO

Now, that doesn't mean it will get anywhere, but the bankers are a patient lot. They figure that if they continue to push that eventually, like waves eroding a beach, they will eventually erode away the opposition to the elimination of the tax exemption. They believe that if not this year, than maybe next year, and if not next year, maybe the year after, or the year after... well, you get my drift. This will be an on going struggle. It apparently will never matter how many consecutive years we kill this notion that they will keep coming after us until they succeed. They have the patience, the money, and the desire to make that true, in their opinion.

This is why we must never waver in our struggle. When it is time to visit with your congressman in Washington, D.C., we must count on everyone in the movement to step forward to help. When it comes time to raise money for CUPAC, it is important that we continue to set records on fundraising. When it comes time to participate in a "meet & greet" that all of us set aside the time necessary to do so.

Many of these successful candidates called the League the day after their election to thank us for our support. That is significant because, not too many years ago, that didn't happen. It does now because credit unions are visible and have become important factors in the electoral process. Elected officials and candidates seek us out now because they know our support makes them winners.

Let's don't disappear, but rather, let's make ourselves even more visible. Especially now that we know the battle is once again about to begin.

Directors' duties are clear: care and loyalty

The duties and responsibilities of volunteer directors on a credit union board are every bit as important and serious as those of the well-paid directors of a Fortune 500 company, according to Bob Konop, vice president and associate general counsel for CUNA Mutual Group.

A director's failure to observe his or her fiduciary duty can create legal risk for the credit union and possible personal liability.

A director's fiduciary duty is composed of two well-known components: duty of care and duty of loyalty.

Duty of Care

Directors must act in good faith and exercise their duties reasonably and prudently.

That means performing all things required of directors as set forth in the Federal Credit Union Act, state law, or credit union bylaws, and doing them in an informed manner.

This doesn't mean being an expert in all areas. But directors should have enough information to understand the risks and benefits of a policy, program, or venture. Directors may rely on expertise of staff or retained professionals so long as the reliance is reasonable.

Obtaining information before a decision is critical. Therefore, a director should require staff to supply briefing papers before a meeting in which a decision will be made.

Duty of Loyalty

Directors must act in the credit union's best interests.

They must recognize conflicts of interest, report them to the board, and potentially refrain from participating in decisions affected by the conflict of interest.

They must keep confidential all matters relating to the credit union's business, including not speaking on the credit union's behalf unless authorized to do so. Confidentiality extends to any information that isn't otherwise public knowledge, including employee information.

In addition, directors must exercise independent judgment that doesn't benefit one membership faction over another, and they must understand the credit union's long-term best interests.

Congress passed the Sarbanes-Oxley Act of 2002, which holds officers and directors of companies accountable regarding audit and compliance, and other corporate governance issues.

While primarily applying to publicly traded corporations, the act led the National Credit Union Administration (NCUA) to issue Letter to Federal Credit Unions No. 03-FCU-07 in October 2003.

Anyone who's recently read a front page knows that this is an era of increasing risk for those in the financial arena. Be sure your board members are fully aware of their duties and how best to carry them out.

American Banker/Gallup Survey

— continued from front page

past year—up from 20 percent last year. Six percent indicated they considered doing so—down from eight percent last year.

More than eight percent of bank customers said they opened an account at a credit union—up from last year's five percent.

More Americans trust their credit unions in 2004, the new survey shows. On the

question of "trust and confidence," credit unions also topped the list. This year's survey found 68 percent of those with accounts and banks and credit unions said they trust their credit unions more, up from 62 percent in 2003 and 60 percent in 2002.

Title insurance – Why do we need it?

By Susan E. Levin, Agency Manager, CU Title, LLC

Many people are uncertain about what title insurance is and what it protects against. Reports suggest that 2002 alone saw almost a billion dollars in fraudulent mortgages. This rather staggering number represents a lot of real estate titles. Fictional buyers and borrowers and forged deeds and mortgages are a few of the many contrivances of a seemingly growing number of creative and resourceful, and equally dishonest individuals causing havoc with real estate titles.

Title insurers have and will continue to play the most significant role in bringing these distressed titles back to health. More importantly, the victims of these deceitful schemes would be left without any hope of recovery if not for the protection afforded by their title policies.

Fraud and forgery are only two of what can be referred to as "hidden risks" that are covered by title insurance. Other troubles that may be lurking undetected in the real estate titles are:

- Missing or undisclosed heirs of a deceased owner.
- Unrecorded mechanic lien claims.
- Conflicting dispositions in a will.
- Instruments executed by person lacking legal capacity.
- Unrecorded land contracts.
- Instruments executed under duress.
- Instruments executed by way of an invalid or expired power of attorney.
- Mistakes in the public records.
- Unrecorded easements.

Insurers pay millions of dollars in claims as a result of such problems. In addition to the actual losses covered, title insurers pay the legal fees incurred in defending the title.

Defending titles, paying claims, and covering legal expenses are just part of the story. A great number of problems that could result in serious adverse consequences to property owners are discovered, addressed, and cured before the preliminary commitment even leaves the title company's

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Credit Union Political Action

2004 Election Day results good for credit unions



*Aletta Shutes,
Executive VP,
FCUL*

Now that all is said and done, credit unions are, again, well served in the political arena. Of the races to which CUPAC contributed, we were successful in selecting the winner 96.7 percent of the time, an increase over our primary percentage of 93.6 percent.

On the federal level, we couldn't have been better positioned considering both U.S. Senate candidates were great credit union supporters. In the primary, we contributed CULAC funds to both Mel Martinez and Betty Castor. But in the general, we asked credit union leaders to make personal contributions. Unfortunately, only one person wins. We look forward to a very good working relationship with Martinez.



Aletta Shutes with newly elected U.S. Sen. Mel Martinez at a fundraiser during his campaign.

The only really tough race in the U.S. House was in District 2 between the incumbent U.S. Rep. Allen Boyd (D) and State Representative Bev Kilmer. CULAC funds were contributed to Boyd's successful re-election campaign.

A number of the Florida House races were contentious, but fortunately, we were on the prevailing side. Over the past months, we supported Rep. Sheri McInvale who fought off a well-funded challenger; Rich Glorioso who prevailed over a banker in



Betty Castor at an FCUL-sponsored fundraiser with Phyllis Marshall, Board Member for USF FCU.

the primary and a well-funded, heavily supported challenger in the general election; and Rep. Juan Zapata who had what most would consider the nastiest primary race in Florida. Other hot races we successfully supported were Rep. John Quinones and Rep. Kevin Ambler.

In conducting candidate interviews earlier this summer, League staff noted a number of the candidates running in open seats were incredibly sharp, and some were even well versed on credit union issues, especially Rich Glorioso of Plant City, a member of MacDill FCU and a close friend of Mary and Art Wood. Others who were impressive and made the grade on Election Day were Dean Cannon from Orlando, Denise Grimsley from Lake Placid, Franklin Sands from Weston, Mike Grant from Port Charlotte, Anitere Flores from Miami, and Trey Traviesa from Tampa—all of whom CUPAC supported.

Your Governmental Affairs team did more on your behalf this campaign season than ever before. Not only did staff participate in the above mentioned candidate interviews, but also participated in a number of weekend "candidate walks" where staff traveled to a candidate's district and walked door-to-door encouraging citizens to vote on Election Day and to consider voting for the specific credit union friendly candidate. What's more, staff attended a record number of functions and fundraisers spreading the credit union message of "people helping people" and making sure credit unions continue to be viewed as power players in Florida politics. Our efforts paid off and I want to thank all of you for the support you give that enables us to fight the good fight.



U.S. Rep. Allen Boyd (D-2) and Grace Potter visit during his Election Night celebration.

A meeting in the District

Just before the last campaign finance filing deadline of the 2003-04 Election Cycle, Rep. Don Brown (R-5) accepts a CUPAC check from Ed Chadwell, Community South CU Board Member, at an event in Chipley. Rep. Brown is the 2004 FCUL Legislator of the Year, an honor that is presented at the FCUL Annual Convention each year.



Rep. Brown (l) and Ed Chadwell


Political action from within

Grace Potter, Director of Political Action, recently led a workshop for the newly formed Political Advocacy team at City County CU. Bill Marquardt, the credit union's CEO, was instrumental in the formation of the committee and helped with the direction of the workshop discussion. Marquardt wanted the credit union to formalize a plan for political action and forming the committee was step one.

If your credit union would like help in forming a committee of this type, contact Grace at 800.342.1266 ext. 1010.



Bill Marquardt (standing) discusses political action with his team.



Contributions and Presentations



Mary Wood, President/CEO of Florida West Coast CU presents FCUL President/CEO Guy Hood with a CUPAC donation from her CU. Wood and her husband, Art, President of RR & Industrial FCU, also presented Hood with a personal check for CUPAC.



Tim Baldwin, President/CEO of San Antonio Citizens FCU, presents Guy Hood, FCUL, with a CUPAC donation.



Rich Helber, EVP/CFO of GTE FCU, and Chris Brooks, FCUL Board member, present Guy Hood, FCUL, with a CUPAC donation.



Aletta Shutes, EVP of the Florida Credit Union League, presents a CUPAC check to Rep. Faye Culp (R-57) at her campaign headquarters in Tampa.

Tallahassee Chapter hosts Bowling Tourney for CUPAC

Fun was had by all at the Tallahassee Chapter's bowling tournament for CUPAC. The bowling alley was packed with credit union and League staff. Teams were challenged to come up with the most creative team name, bowling attire and other fun contests. This successful and FUN event raised \$4,000 for CUPAC. The CUPAC check was presented to FCUL Executive Vice President Aletta Shutes by Chapter President Deb Enfinger at a recent chapter meeting.



Flag CU won "most creative uniform" in their "Chaps for CUPAC."

FCUL in Political Action



Mark Landreth chats with Rep. Dennis Ross (R-63) and his wife Cindy in CUNA's booth at the National Conference of State Legislators.



Grace Potter poses for pictures with Rep. Kevin Ambler (R-47) and Rep. Ron Reagan (R-67) at a candidate walk for Ambler's re-election campaign.

CUs of South Florida host FCUL and legislators

Recently, the Credit Unions of South Florida hosted a number of Florida legislators at two luncheons honoring members of the Miami-Dade and Broward delegations.



Standing (L to R) are Rep. Matt Meadows and Rep. Jack Siler. Seated from left are Rosalie Terry and Nancy Norona of Miami Postal Service CU, Christine Swensson of Power1 CU, and Nicole Soltau of Miami Postal Service CU



(L to R): Jim Wagy and Mercedes Jorge of Tropical Financial CU, Sal Gugliuzza of Miami Postal Service CU, Sen. Larcenia Bullard, Joe Lanteigne of Mercy CU, and Nicole Soltau of Miami Postal Service CU.



Greg Blount of Tropical Financial CU and Joan Glickman, aide to Sen. Frederica Wilson smile for the camera.

2005 Legislative Summit

Dates have been set!

Join FCUL in Tallahassee, March 15-16, 2005.

This is the perfect opportunity to meet with your legislators!

For more information, call the League's Governmental Affairs department at 800.342.1266.

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 email billb@fcu.org.

Joint Owners Pose CTR Challenges

Completion of a Currency Transaction Report (CTR) for all joint owners when one owner deposits over \$10,000 in cash at the credit union is very difficult. The difficulty is in completing questions 14 (verify identity) and 13 (member's occupation) on the joint owners if they are not present when the deposit is made.

Section A of the CTR needs to be completed for each person on whose behalf the transaction is conducted. If a deposit is made to a joint account, all owners of that joint account benefit from that deposit. So, Section A of the CTR needs to be completed for each joint owner also.

Section A specifically asks the credit union to describe the method used to verify identity of the individual on whose behalf the transaction is conducted (question 14). Of course, it will be impossible to verify a member's identity if he or she is not present when a deposit is being made. Therefore, the credit union should enter 'N/A' in question 14 if one person conducts the transaction on behalf of someone else not present, such as a joint owner.

The answer to question 13 on the occupation, profession or business of the individual is a bit more difficult. The instructions for the CTR do not instruct the credit union to answer 'N/A' for someone not present. Therefore, the question needs to be answered. However, this is obviously a burdensome question to answer for someone who is not present.

Putting "unknown" in the box for occupation may raise some red flags for examiners and FinCEN. This is because it would seem unusual for someone to not know the occupation of the person on whose behalf the deposit is being made. Additionally, both agencies thought that it should not be too burdensome to ask the member who is making the deposit for the occupations of all joint owners. After all, the teller will be asking the member his or her own occupation anyway, and in most

cases, the joint owner will be a spouse or family member.

This article was developed based on a *Compliance Challenge* from CUNA.

Bank Secrecy Act

AmSouth Bancorp of Birmingham, Ala., has agreed to pay \$50 million in penalties for what regulators and prosecutors allege was a breakdown in money-laundering controls. AmSouth is the fourth banking company to be punished for money-laundering violations this year. AmSouth said Tuesday that it had agreed with the Justice Department to pay a \$40 million fine. In return, prosecutors will defer criminal charges for 12 months while AmSouth improves its money-laundering controls. In addition, AmSouth reached an agreement with the Federal Reserve and the Treasury Department's Financial Crimes Enforcement Network (FinCEN) to pay a \$10 million penalty for violations of the Bank Secrecy Act. State and federal regulators have also imposed a cease-and-desist order that will curb expansion until the bank's compliance improves. A review of AmSouth by the Fed and FinCEN found that the bank failed to file suspicious activity reports in an embezzlement case, a fraudulent municipal scheme, an alleged case of a broker-dealer forging customer signatures, and check-kiting schemes.

Trust services

Federal credit unions that choose to offer trust services must do so through a CUSO (credit union service organization).

NCUA's incidental powers regulation (Part 721) includes "transfer of custodial services" in its list of permissible activities. However, the 2001 amendments to Part 721 did not grant federal credit unions broad trust powers; the changes at best only slightly broadened the authority federal credit unions already have under Part 724, Trustees and Custodians of Pension Plans, which authorizes federal credit unions to

act as trustees or custodians for pension plans that qualify for specific tax treatment under certain sections of the Internal Revenue Code.

Changes on Blocked Persons List

The NCUA issued a Regulatory Alert (04-RA-10) notifying credit unions that Treasury's Office of Foreign Assets Control has updated its list of Specially Designated Nationals and Blocked Persons. "All credit unions remain responsible for ongoing review of the SDN list, which includes both individuals and countries," the alert read. A current SDN list is available at <http://www.treas.gov/offices/eotffc/ofac/sdn/index.html>. OFAC also publishes periodic changes to its SDN list via email through its Financial Operations Bulletin, which can be subscribed to at <http://www.treasury.gov/offices/eotffc/ofac/subscribe.html>.

The U.S. Department of the Treasury Office of Foreign Assets Control (OFAC) has amended its list of Specially Designated Nationals and Blocked Persons (SDN). NCUA said all credit unions remain responsible for ongoing review of the SDN list, which includes both individuals and countries. A copy of the current SDN list and a list of all changes made to the SDN list since 1994 is available at <http://www.treas.gov/offices/eotffc/ofac/sdn/index.html>...



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STAR, VAP and MERIT Certificates

Congratulations to the following individuals who have earned certification levels in the Staff Training and Recognition (STAR), Volunteer Achievement (VAP), Volunteer Leadership (VLP) and Mid-Manager's Enrichment Training (MERIT) Programs. Additionally, we salute these credit unions who have recognized the importance of investing in their most important assets... their staff and volunteers.

STAR CERTIFICATES:

Achieva CU: Estella Baggett, Kathleen Chambron, James Garland, Susan Janney

Campus USA CU: Nichole Harrison

Central Florida Educators FCU: Jeff Parrish, Frances Perez, Steffini Bumgarner

Central Florida HealthCare FCU: Janyce Bynes, Amanda Duerr, Kevin Gurnett, Deborah McKinney, Petra Miskova, Onassis Nyariri

Community Educators CU: Kristen Olson

Eckerd CU: Kristy Godfrey

Fairwinds CU: Brandy Jenkins, Jeelin Rosas

Florida Central CU: Frances Cherry, Sabah Tahri

Florida State University CU: Rita Bennett Daugherty, Daphne Green, Melanie Purvis, Allison Tremper

FOCUS CU: Vergie Davis, Patricia Robinson

GTE FCU: Earica Alexander Smith, Kirste Bond, Elizabeth Conley, Robin DeRocco, Sam Goodyear, Bonnie Henry, Ralph Higgins, Shawn Houle, Ana Marie January, Kathy Knapp, Esther Mendez, Kathy McIntyre, Holly Miller, Sandra Ostrander, Susan Pedersen Rossi, Deborah Peetz, Celeste Perkins, Diana Ramos, Melinda Robbins, Melinda Southerland, Sonia Sullivan, Marife Talacay, Ann Watson

HealthAmerica CU: Lisa White

Insight Financial CU: Tommye Donald, John Kelly, Cindi Milburn, Danielle Renz, Brandalin Smith

JAX FCU: Ena Anderson

JM Associates FCU: Glenda Dingle, Sandra Johnson

MacDill FCU: Laurie Rose

Pen Air FCU: Beverly Denham, Darren Duke, Cindy Heal

Sarasota Coastal CU: Carole Kearney

Suncoast Schools FCU: Alisa Ammerman, Ashley Berg, Terri Bowlin, Joyce Burgess, Erika Christensen, Melanie Craig, Mona Cruz, Diana Forero, Jason Guengerich, Maxine Hall, Erin Howard, Marion Mejia,

Rose Moore, Tiffany Ojeda, Sheree Partridge, Jenitza Pastrana, Jackie Patrick, Alisha Pellegrini, Rosemary Rivera, Victoria Roberts, Vanessa Rodriguez, Ryan Schultz, Veena Solanki, Stacey Suggs, Angie Topper, Llipsis Torres, Christopher Townsend, Cathy Turenne, Kristine Valdes, Kerry Vanneste, Taylor West

TMH FCU: Connie Humphrey, Talaimoana Melendez, Brenda Starling

VyStar CU: Francis Allan, Kimberly Akridge, Kristen Buonopane, Tina Brown, David Clendenin, Brandie Conklin, Kenya Daniels, Louis Davis, Ruth Dye, Sharla Flores, La'Keenya Hayes, Tara Johns, Katrina King, Jennifer Kwiatkowski, Deborah Langeluttig, Erika Lennon, Angela Miller, Mindy Moore, Brandon Rowe, Marlene Somera

MERIT CERTIFICATES:

Campus USA CU: Lisa Colbert

Central FL Healthcare FCU: Mary Snyder
Community Educators CU: Joanne Cooper

Florida Central CU: Shirley Littleton

Florida Telco CU: Terri Thomas

GTE FCU: Tammy Taylor

Insight Financial CU: Alka Nayee, Cindi Steffens, Lydia Tikasingh, Ellen Williams

Sarasota Coastal CU: Cheryl Hesser

Suncoast Schools FCU: Terri Bowlin

Tyndall FCU: Renee Ryals

VyStar CU: Vernia O'Neal

VAP CERTIFICATES:

Florida Baptist CU: James Lipham

McCoy FCU: Robinette McLeroy

Orlando FCU: Robert Sanders
The STAR, VAP, VLP and MERIT Programs are nationally recognized standards of professionalism for credit union staff and volunteers. These staff and volunteers have expanded their capabilities for the benefit of their credit union. For additional information on any of these programs, call the League Education Department at 800.342.1266 or 850.576.8171, ext. 1040.

Changes in Attitudes, Changes in Latitudes

By Anita Stoumbelis, FCUL Senior Vice President, Human Resources

There is one fault that I must find
With the twentieth century,
And I'll put it in a couple of words:
Too adventury.

What I'd like would be some nice dull
monotony,
If anyone's gotony.

———Ogden Nash, American Poet

Management guru Tom Peters tells us that today's organizations must "thrive on chaos." There is a lot of truth in that statement, given today's quickly changing technology and the highly competitive marketplace where we find ourselves. How well we manage change has always been important to an organization's success; we just have to do a lot more of it these days.

How well are you managing changes in your organization? Change management experts tell us there are some very important steps that will ease the negative impact of change in an organization.

Identify who's losing what.

In the planning stages, ask yourself these questions:

1) Who is going to have to let go of something?

2) What are they going to have to let go of?

Accept the reality and importance of the "subjective" losses.

Loss is a subjective experience, and your "objective" view is irrelevant to those going through the change. As you introduce the change, you should strive to remain open and understand the views of others. You need everyone's commitment because commitment is the only way you will get

A state without the means of some change is without the means of its conservation.

Edmund Burke,
British statesman

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

PSCU Financial Services donates to Hurricane Relief Fund

PSCU Financial Services donated \$25,000 to the Florida Credit Union Foundation for its Hurricane Relief Fund to assist credit union staff and volunteers who suffered significant damages from Hurricanes Charley, Frances, Ivan and Jeanne.

"In the spirit of cooperation that characterizes the nation's credit unions, we wanted to contribute to a relief fund that offers aid to those who have suffered incredible losses from this unprecedented series of hurricanes," said David Serlo, President of PSCU Financial Services. "Many of our member-owner credit unions were either threatened or damaged during the hurricanes, so it is fitting that we make this contribution."

CEO roasted, toasted

Community Educators Credit Union President and CEO David O. Brock was "Roasted and Toasted" at this year's annual Florida Public Relations Association (FPRA) event.

Several of Brock's closest associates paid tribute to the executive, who was chosen by an FPRA committee for his many years of support of local businesses and civic activities, as well as the support he's given FPRA.

CUs helping CUs

In the aftermath of Hurricane Ivan, Pen Air Federal Credit Union, not only helped people with cash by having a few ATMs available, the credit union, with the help of sponsors and two Ohio-based credit unions, served nearly 2,500 people a hot meal.

Wright-Patt Credit Union and River Valley Credit Union, both from Ohio, drove a truck full of supplies to Pensacola to help in this effort. Support of sponsors like McDonalds, Pepsi Corp., and Mike Sells Potato Chip Company also made this effort possible.

"I think this is just another example of what sets credit unions apart from other types of financial institutions – the giving back," explains John A. Davis, President/CEO of Pen Air FCU.



John A. Davis, President/CEO of Pen Air FCU talks with reps from Wright Patt Credit Union and River Valley Credit Union.

Community involvement

The FCUL Service Group, Inc., participated in the annual Light the Night Walk for The Leukemia and Lymphoma Society in Tallahassee, recently.

Through donations, they were able to raise \$615.00 to support the efforts of the Leukemia and Lymphoma Society.



FCUL Service Group participants (L to R): Amber Fried, HRx Business Development Rep., April Brown, Director of Marketing & Product Development, and Jenni Caves, Marketing Coordinator.

Vista honored with Call Center of the Year Award

The call center for Vista Federal Credit Union was awarded Call Center of the Year at the 2004 Credit Union Call Center Conference held in Las Vegas in September. The award, which focuses on best practices and excellence in call center processes, was presented for outstanding achievement in the "Process" category.

"The award is a fantastic compliment to our staff whose hard work and passion helps us meet the financial needs of our members," said Mike Silvers, Vista FCU's Call Center Manager.

Hazday joins FCUL Service Group

Jennifer Hazday has joined the FCUL Service Group, Inc. as the new Business



Hazday

Development Manager for the South Florida region. Hazday will be promoting financial products and services to credit unions in the South Florida Market; primarily

Palm Beach, Broward, Dade, and Monroe Counties.

Hazday joins the FCUL Service Group with more than 15 years of experience in relationship management within the financial services industry. Her prior experience was as an account manager, the Travelers Cheque Division, for American Express, and a sales representative at Clarke American.

For more information on financial products and services in the South Florida area, call 800.342.1266 ext. 1198 or e-mail jennifer.hazday@fcul.com.

Schumacher named finalist in Chamber Outstanding Leader Award

Dale Schumacher, CCUE, CEO of Tampa Bay Federal Credit Union was recently selected as one of three finalists for the Greater Tampa Bay Chamber of Commerce's Outstanding Leader award. Schumacher was chosen as a finalist out of 130 Tampa Small Business Leaders considered for the 2004 recognition.

"While I prefer to stay in the background and let those who make Tampa Bay Federal the great organization that it is get the recognition they deserve, I am proud to have been selected to be one of three finalists for the Outstanding Leader award," said Schumacher.



Dale Schumacher with Mayor Pam Iorio of Tampa. Picture taken by Gil Williams.

Although Schumacher wasn't the ultimate recipient, he feels the recognition is quite an honor for Tampa Bay Federal and him to have been named a finalist.



CUNA Board Members Laida Garcia of Florida Central CU (l) and Tom Dorey, CCUE, President/CEO of Suncoast Schools FCU (r), welcome CUNA Board Chairman Dick Ensweiller, President of the Texas Credit Union League, to a meeting of the Tampa Chapter of Credit Unions. Mr. Ensweiller was the guest speaker at the October 13 meeting.

Call Center receives "LEED Gold" Certification

Navy Federal Credit Union's new call center in Pensacola has become Florida's first commercial building to receive LEED (Leadership in Energy and Environmental Design) "Gold" Certification, making it a certified environmentally friendly "green building." LEED is part of the U.S. Green Building Council's Green Building Rating System™, which is a voluntary, national standard for developing high-performance, sustainable buildings. Designed and constructed to withstand winds up to 140

mph, the facility was undamaged by Hurricane Ivan.

The primary objective for Navy Federal's Pensacola call center was to develop an employee-focused facility while reducing capital costs, energy costs, healthcare costs, and increasing employee productivity and retention. The building and its grounds reflect that focus—complete with a fitness center, walking trails, dining amenities, training facilities, a "mothers" room and more.

CFEFCU gives \$100,000 for school media centers

Ten more public schools in Orange County will be buying new books for their media centers due to a donation from Central Florida Educators' Federal Credit Union.

CFEFCU has pledged half a million dollars over a five-year period so that schools may purchase books, software and other educational supplies. For the second year, ten checks totaling \$100,000 were presented to school principals at a special ceremony.

Joseph A. Melbourne, Jr., president and CEO of CFEFCU, said that companies share in the responsibility of educating young people. "Children are our future. If we don't do something to help

them improve and give them the ability to read, and provide them with materials to read, then we're failing."



Joseph Melbourne, president and CEO of Central Florida Educators' Federal Credit Union, congratulates the Orange County principals who received the \$10,000 donations from the credit union.

Florida CFO speaks at Tallahassee Chapter Meeting

The Tallahassee Chapter of Credit Unions welcomed CFO of the State of Florida Tom Gallagher to the chapter's recent dinner meeting. Gallagher spoke about his request to state regulators to develop an emergency rule directing insurance companies to speed up their efforts to resolve hurricane claims, and setting



Gallagher

specific deadlines for companies and their adjusters to evaluate damage and start the claims process.

He also talked about the Your Money, Your Life program, which is Florida's statewide public education campaign to promote financial literacy among Floridians of all ages and income levels.

Matz proposes Small Credit Union Initiative as part of NCUA's 2005 Budget

Initiative would reallocate resources within staff-recommended budget limits

NCUA Board Member Debbie Matz announced today that she is proposing an agency-wide Small Credit Union Initiative. "This initiative will assist small credit unions which are at the forefront in serving people of modest means and are invaluable in preserving the tax exemption for all credit unions," Matz explained. "To some key lawmakers, small credit unions are the icon of the credit union movement. Their disappearance could threaten the tax exemption for all credit unions. So in order to protect the safety and soundness of the entire system, it is time for NCUA to step up our efforts to assist small credit unions."

The Small Credit Union Initiative is intended as an acknowledgement from NCUA of the important role small credit unions play in the lives of their members and communities. "We must do everything we can to curb their loss," Matz urged. "Small credit unions are often located in neighborhoods where there are no other insured financial institutions. Without them, members are at the mercy of unscrupulous predatory lenders."

"Reducing the loss of small credit unions should be an agency-wide goal, from our central office to all five regions," Matz affirmed. "It's important to begin a coordinated effort to help more small credit unions survive and thrive."

"An effective Small Credit Union Initiative could be launched if the 2005 budget recommended by NCUA staff at our October public forum is adopted at our November Board meeting," Matz pointed out. "Without adding positions or dollars to the budget, this initiative would use existing resources and reallocate positions that have not been filled." Specifically, under Matz's proposal:

- Two of five positions that were not filled after NCUA's regional realignment would be reallocated to NCUA's Office of Credit Union Development (OCUD):
 - o One position would coordinate training programs for small credit unions

on vital issues such as board responsibilities, internal controls, recordkeeping, regulatory compliance, and the need to offer new services that can help small credit unions grow.

Frequently, the lack of training on these issues leads to credit union failures.

- o The other position would focus on training of all NCUA examiners who work with small credit unions. This would ensure consistency from examiner to examiner and from region to region.

- In addition, NCUA's 15 Economic Development Specialists (EDS's), who are currently spread unevenly through the NCUA regions, would be centralized under OCUD. "Small credit unions require a more tutorial approach, and our EDS's are shining examples of the effectiveness of this strategy," Matz observed. "Credit unions receiving on-site assistance from EDS's are much more likely to remain viable. Centralizing the EDS's will make the program more efficient in reaching more of the credit unions that are most in need of assistance."

"Small credit unions represent nearly 50 percent of all credit unions, yet proportionately less examiner time – 38 percent – is spent on these institutions," Matz noted. "This includes work on mergers and liquidations. If that work is subtracted out, the time spent actually helping small credit unions stay in business is far less. **We need to invest more resources, not less, in assisting small credit unions.** Ultimately doing so would result in less time being spent on mergers and liquidations, and more time helping to preserve a stronger future for small credit unions and the entire credit union community."

With the remaining three positions that were not filled after the regional realignment, Matz recommends focusing on other emerging safety and soundness threats. For example:

- Two of the positions could be reallocated to serve as Subject Matter Examiners (SMEs) in Specialized Lending. They could focus on examining indirect lending programs in regions where NCUA staff have identified particularly high indirect lending risks.
- The final position could be reallocated to NCUA's Office of Corporate Credit Unions (OCCU). This would respond to the report released last month by the Government Accountability Office (GAO), which determined that OCCU will need greater resources to effectively examine corporate credit unions.

Title insurance

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office. This is the not-so-glamorous, but oh-so-valuable aspect of the business. Extensive searches are done, underwriting decisions are made, and solutions are offered quietly and diligently, all with the goal of assuring the integrity and reliability of real estate titles. An overwhelming percentage of defects in titles never mature into claims. That is because title companies fix problems first and then issue the insurance.

After taking into account the myriad of problems fixed before the issuance of title insurance, the extensive menu of hidden risks covered by the policy and the evidence of a rising trend in misdeeds perpetrated by clever criminals, perhaps instead of, "Why do we need it?" the thought should be, "We need title insurance now more than ever!"

For more information on title insurance, contact Susan E. Levin with CU TITLE, LLC, at 800.342.1266, ext. 1164, or email susan.levin@fcu.com.

How will your account holders learn about Check 21?

The Check Clearing for the 21st Century Act, or Check 21, is hailed as the most sweeping change in the banking industry in 30 years. The legislation, which declares that a check image or substitute check is the legal equivalent of an original check, paves the way for digital imaging of check documents. Although Check 21 promises future efficiencies in check processing time and costs, most financial institutions are willing to admit that gearing up to meet regulatory requirements has put heavy demands on already overtaxed resources.

As they deal with increased costs, operational changes, new technology and legal questions, many financial institutions face the additional task of communicating the effects of Check 21 to their account holders. That is why Clarke American, Inc., has stepped in to create a Check 21 communication solution that helps financial institutions fulfill this responsibility easily, effectively and economically.

Created after a thorough examination of Check 21 issues and a comprehensive

assessment of its financial institution partners' needs, the company's answer to account holder communication is much more than a Check 21 primer. Woven throughout basic information about the law and its effects are opportunities for financial institutions to promote appropriate products and services and strengthen relationships.

Clarke American's approach is a three-part, turnkey solution, with ample opportunities for personalization built into each part. The cornerstone piece is a direct mail letter to account holders that explains Check 21 legislation and how it will affect financial institution operations. A second page can be added with four coupon spaces available to promote appropriate financial products such as overdraft protection, online banking and bill pay, direct deposit, and lines of credit.

The solution's second part inserts Check 21-related messages throughout account holders' check pads. Customized messages that remind account holders about Check

21 changes and promote products and services can be targeted to individual account holders, to specific segments or to all account holders.

Finally, the direct mail letter and check-pad messages are supported each time an account holder calls Clarke American's *ServiceLine Plus*® number to order or reorder checks or related accessories. Customer service professionals use the order conversation to market a financial institution's products and programs to account holders who are likely to be receptive.

To give its financial institution partners more Check 21 communications resources, Clarke American has gone one step further by creating a special website, www.yourCheck21solution.com.

Contact your Clarke American representative or visit the website to learn more about the Check 21 communication solutions.

Changes in Attitudes, Changes in Latitudes

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people to give 100 percent; your lack of understanding will be perceived that you do not care.

Don't be surprised at "overreaction."

People will overact to the introduction of change. Count on it. What they are really reacting to is the loss that the change will bring.

Acknowledge the losses openly and sympathetically.

Losses are best brought out in the open by managers. It is best to do this simply and directly.

"I know that switching to a new operations system is going to leave a lot of you feeling like beginners again. I feel that way myself, and I hate it!"

It is also important to allow grieving by those feeling a sense of loss. Acknowledge it, sympathize with it, and give them more support and extra attention.

Compensate for the losses.

Is there something you can give back to balance what has been taken away? This

could come in the form of specialized training, a different pay structure (such as incentive pay), or more control over certain tasks.

Give people information, and do it again and again.

Avoid these pitfalls:

"They don't need to know yet. We'll tell them when the time comes. It'll just upset them now."

"They already know. We announced it."

"I told the supervisors. It's their job to tell the rank and file."

"We don't know the details ourselves, so there is no point in saying anything until we do."

Sell problems, not solutions.

People who understand the organization's problems are in the market for solutions and are more likely to quickly accept changes. Be honest, direct, and open with the circumstances driving the proposed changes.

Treat the past with respect.

Honor the past for what it has accomplished. Just because you were doing things a certain way and now it needs to change doesn't mean the past way was wrong or bad. Do not attack the past.

Show how endings ensure continuity of what really matters.

Yesterday's endings launched today's success, and today will have to end if tomorrow's changes are to take place. Be sure you communicate clearly how today's change pushes the organization forward.

Habit is habit, and not to be flung out of the window by any man, but coaxed downstairs a step at a time.

Mark Twain, American writer

Resources: *Managing Transitions*, William Bridges, Addison-Wesley 1991.

Reach Out and Lend Program helps CUs market home loans to their members

As part of its overall strategy to increase awareness among homebuyers that mortgages can be obtained at a credit union, CU Members Mortgage is rolling out a new Reach Out and Lend Program.

Produced by CUVA, the program includes tools credit unions can use to increase mortgage lending as well as bring in new members. Brief training courses are sent via weekly email to credit unions with information on specific loan programs, ideas on how to market home loans, answers to member questions, web and newsletter content, and tips for cross-selling additional credit union products. Presented in an easy-to-understand and entertaining format, the weekly emails are a valuable resource for credit union personnel who want to increase revenue from mortgage lending as well as overall sales effectiveness.

“Only two percent of all mortgages in the U.S. are originated by credit unions,” says Steve Browne, Regional Manager of CU Members Mortgage. “We’ve set out to change that by giving credit unions a deeper understanding of the mortgage industry and tools to reach their members with home buying information. What credit unions will realize with the CU Members program is that there are hundreds of options to make home ownership a reality for their members, and they will have the knowledge and confidence to present financial programs to meet their members needs.”

CHAPTER MEETINGS

For further information, please refer to the League website
www.fcul.org

Northeast Chapter

December 9

Sara-Mana Chapter

December 9

Tallahassee Chapter

December 9

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