



AMERICA'S  
CREDIT UNIONS™



# Florida Credit Union News

A publication of the Florida Credit Union League 

September 2004 • Vol. 13 - No.8

## In This Issue

President's Message	2
Governmental Affairs	4
Regulatory Update	5
News from YOU	8

## Hurricanes lash Florida; League responds

The tropical hurricane season has proven to be a busy one for Floridians, credit unions and the Florida Credit Union League. The month of August saw Florida threatened or hit by three named tropical systems, Bonnie, Charley and Frances. As a result, FCUL implemented emergency response and recovery efforts.

Tropical Storm Bonnie turned out to be a minimal threat with no reported damage to any credit union as it passed through the Florida Panhandle and Big Bend areas.

Charley, however, hit the state on August 13 with a ferocity. Winds were tracked at 145 mph, with gusts at an even higher speed. Coming ashore at Punta Gorda, Charley plowed a ten mile wide path of destruction across the state, exiting the next day around the Daytona Beach area. Left in its wake were numerous trees, downed power lines and catastrophic damage to many areas of the state.

Fortunately, most credit unions escaped any damage. Lee County Postal Employees Federal Credit Union, however, was one that did suffer fairly significant roof damage

when the winds tore off the roof of the postal office which houses the credit union. Shortly after putting a tarp over the damaged roof, the credit union was fully operational.

Lack of power due to downed power lines was the biggest problem faced by most credit unions. Those without backup generators were without power for several days after the storm hit, particularly in the Orlando area. Amazingly enough, those credit unions with branches in the Punta Gorda and Port Charlotte areas, the hardest hit places, suffered no significant damage. With the help of backup generators brought to them by their main offices, they were up and running within 48 hours of the storm.

Although credit unions did not suffer any significant physical damage, the homes of many credit union employees and volunteers did. As a result, FCUL quickly established the FCUL Hurricane Charley Relief Fund to assist credit union employees and volunteers who had suffered damage.

*continued on page 9*

## New site and dates for the League's 2005 Convention and Exposition

FCUL would like to announce the new location and dates of the 2005 FCUL Convention & Exposition.

It will be held June 15 – 18, 2005, at the JW Marriott Orlando Grande Lakes. Watch for additional information in the *Florida Credit Union News*, at [www.fcul.org](http://www.fcul.org) and through the mail.

For more information about the JW Marriott Orlando Grande Lakes, visit their website at [www.grandelakes.com](http://www.grandelakes.com) or call the hotel at 407.206.2300.



*JW Marriott Orlando Grande Lakes*

## Make October Credit Union Miracle Month

The celebration of International Credit Union Day is all about the credit union philosophy of "people helping people." Why not ask your members to participate in that core belief by making October Credit Union Miracle Month?

Each year credit unions across the United States show that they are an integral part of their community by helping the 17 million kids treated annually in Children's Miracle Network hospitals – now that's "people helping people." Every dollar raised goes to help children in your Children's Miracle Network hospital. Last year America's credit unions raised \$6.2 million.

So make this year's International Credit Union Day even more meaningful to your members. Make October Credit Union Miracle Month at your credit union.



## Florida Credit Union League Board of Directors

**Trudy Prince, CCUE, Chairman**  
*District #4 Director*  
Central Florida Healthcare FCU

**Melba Jordan, CCUE, 1<sup>st</sup> Vice Chairman**  
*District #2 Director*  
State Employees CU

**Wesley Atkins, 2<sup>nd</sup> Vice Chairman**  
*District #1 Director*  
Bay CU

**Chris Brooks, Treasurer**  
*At Large Director*  
Gulf Winds FCU

**Mary Wood, CCUE, Secretary**  
*At Large Director*  
Florida West Coast CU

**Jim Taylor**  
*District #3 Director*  
SCORE FCU

**Richard Helber**  
*District #5 Director*  
GTE FCU

**Michael Whalen**  
*District #6 Director*  
Rinker Materials CU

**Jace Reyes**  
*District #7 Director*  
Miami Postal Service CU

**Tim Baldwin**  
*At Large Director*  
San Antonio Citizens FCU

**John D. Deese, CCUE**  
*At Large Director*  
THE CU of Palm Beach County

**Carolyn Parslow**  
*At Large Director*  
Suncoast Schools FCU

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@fcu.org.

**President:** Guy M. Hood  
**VP of Communications:** Mark Ivester  
**Managing Editor:** Amy Jowers  
[www.fcu.org](http://www.fcu.org)

## People helping people

The real difference between credit unions and alternative financial providers was clearly demonstrated in the aftermath of Hurricane Charley. This hurricane, the worst since Hurricane Andrew in 1992, dealt a severe blow to the people that were unfortunate enough to be in its path. But, almost before the last raindrop had fallen, the last wisp of a breeze was felt, the credit union family had sprung into action to bring relief to those credit union volunteers and employees affected by Charley.

The philosophy of the credit union movement is "people helping people." In times of crisis and strife, it is comforting to know that many in the credit union movement treat this statement as more than just mere words. Many credit unions in Florida and neighboring states, besides contributing to the League's relief efforts, also set up funds to make direct cash donations to the American Red Cross. Other credit unions organized drop points for relief supplies that were eventually delivered to the southwest Florida area.

Within days, the Florida Credit Union League had established a Hurricane Charley Relief Fund within the Florida Credit Union Foundation. After a mere week of soliciting contributions for this fund so that immediate help could be delivered to the intended credit union folks, more than \$50,000 had been raised. And, with a procedure quickly established to issue immediate \$500 grants to those that needed it, nearly \$10,000 in such grants was issued, again, just days after the establishment of such help.

The stories of credit union families in despair brought relief help from credit unions and leagues from all around the

nation. Literally, within minutes of FCUL's call for help, the Washington Credit Union League and CUNA Mutual checked in with substantial cash donations. We thank all who have heeded our request.

The surprising thing about this latest hurricane was that damage to credit union buildings and branches themselves was relatively light. Many credit unions reported that their structures were essentially intact, only the lack of power kept them from operating in a normal manner. Other credit unions, armed with generators, came back up and into operation within a day or two of the storm. This preparation to deliver services to their members in such a fine manner was indeed a testament to the disaster planning that Florida credit unions have put in place in the past decade. Unlike the devastation and interruption of service we saw following Andrew, credit unions this time appeared to be ready and able to handle the crisis.

As we gear up for yet another hurricane, Francis, we at the League would like to thank all of our credit union brothers and sisters for their quick response to our call for help. Our movement is strong because we care so much about each other and are willing to help when help is needed. Hurricane season still has about two months to run. We hope we won't need any additional help during the remainder of this season.

Thanks again.



*Guy M. Hood*  
President/CEO

## ***CUNA Mutual***

# **Gift cards: know the dangers before moving forward**

Cashing in on popular forms of electronic payment accounts like PayPal of eBay fame, prepaid gift cards have become an increasingly popular item among Americans.

More people are using these prepaid relatives of credit and debit cards (many of which can be replenished when their value expires) to stoke their morning Starbucks coffee fix or to budget Junior's weekly allowance. TowerGroup, a financial services research group, projects gift card sales will double to more than \$90 billion by 2007 from \$45 billion in 2003.

Not all gift cards are the same, however. They come in two basic types, one offered by retailers and another by financial institutions. Neither comes without risk.

Introduced by Blockbuster in 1996, retail-issued cards are designed to be used only for the issuing merchant's goods and services. In general, these "stored value" cards come in denominations of \$25 to several hundred dollars. They expire when their value has been used. But the cards can also come with conditions—poorly-marked expiration dates and fees to reactivate expired cards.

Financial institution-issued cards, however, function like credit cards: Spending is limited to the amount of money placed on the card by the purchaser. Purchases are deducted from the card balance after each use. These cards offer the same rights and protection afforded debit cards, including security controls, dispute management, and zero-liability protection if the card is lost or stolen.

"Many people think that if they lose a gift card, they've lost cash, but that isn't necessarily the case," says Ann Davidson, risk management specialist at CUNA Mutual. "Card association rules apply to financial institution-issued prepaid cards—

like those available through Visa and MasterCard and other card associations. Credit unions may be liable for fraud losses incurred when unauthorized transactions occur on the gift card."

Even so, the cards issued by financial institutions have versatility and convenience in their favor, and credit unions are starting to offer them. But these cards carry risks. Because gift cards fall under the debit card rules, the issuer may be liable for losses when cards are lost or stolen. To minimize the risk when offering gift cards, here are some of the steps credit unions should take:

- Limit employees' authorized access to card inventory.
- Implement employee accountability controls for card stock.
- Implement procedures for securing storage of cards and tracking card inventory.
- Perform routine audits of card stock.
- Implement notification procedures for missing cards.

Also, credit unions should tell their members to:

- Keep their cards safe—treat them like any credit or debit card.
- Check card balances. Visa and MasterCard offer online card tracking. (A card may be declined if a purchase exceeds the card balance.)
- Report stolen cards as soon as possible. Cardholders may be liable for losses for failing to report unauthorized transactions in a timely manner.

Davidson says credit unions should contact their card associations for specific best practices, rules, and regulations. "Gift cards can be a valuable source of incremental revenue, as long as you know the risk," she says.

# **No frills! No thrills! No kidding!**

*By B. J. Vonier, Credit Card Supervisor FCUL—Card Services Department*

Attention getting? You bet. That's what it takes to get your members attention focused on your credit union. Specifically, focused on your credit union's credit card program. If they don't know you've got it, how are they going to know they want it? Your members are inundated with offers from all the major competitors. It's time you breathed some life into your card program and the best way to do it is an across the board credit limit increase and a balance transfer promotion.

Take a look at what your competitors are offering. Most typically offer a low introductory rate anywhere from 3.9 percent to 0 percent interest from six to twelve months on all balance transfers. Look at the fine print and you'll find the standard rate can be as high as 27.99 percent! Not only that, but make a late payment during the introductory period, and bye-bye low introductory rate! Did you catch the part about the Balance Transfer Transaction Fee? It can be as much as 3 percent of balance transferred! Then there's that nice little caveat that says if you are late on ANY debt you owe, they'll increase your rate. If your credit union can't beat these offers, read no further.

Cindy Barco, President of Tropicana Federal Credit Union in Bradenton, Florida, took the bull by the horns and after a successful ride had a 52 percent increase in her outstanding loans and a 7 percent increase in her card base. Her first balance transfer promotion ran for three months. When asked what her initial reaction was, Cindy replied, "Disbelief. Then relief! My staff put in a tremendous amount of work to pull it off. We had banners, the tellers wore promo tee shirts, and we had statement inserts. The only thing we didn't do was bring in Bozo the Clown!" She continued, "The word was out. We had a great rate that would last the duration of the balance

— continued on page 10

# Credit Union Political Action

## FCUL organizes candidate interviews

The Florida Credit Union League's Government Affairs Department has concluded an extensive round of interviews with candidates seeking office in the Florida Legislature. Mark Landreth, the League's Director of Legislative Development, spearheaded the interview sessions, not only for the League but also the Florida Society of Association Executives and the Florida Association of Professional Lobbyists.

The legislative candidates' interviews took place in various locales throughout Central and South Florida. Five interview sessions were held in: Altamonte Springs, Tampa, Ft. Lauderdale and Miami. Interviews in Punta Gorda were canceled due to Hurricane Charley's untimely appearance. A total of 40 candidates were interviewed.

According to Landreth the interviews were most educational. "The interviews were enlightening because several candidates had banking connections that

had not been apparent beforehand. One candidate had been general counsel for, and helped form, a bank, while another is currently employed by a bank. A couple of candidates claimed no knowledge of the credit union difference, giving the League a great educational opportunity. Some of the candidates were very familiar with credit unions and even personally knew credit union CEOs and volunteers, while one candidate's step-daughter is employed by a credit union."

The League for the past several election cycles conducted research on candidates for various offices to determine the level of support the League may or may not offer candidates. In 2002, League-backed candidates were successfully elected at a 93.6 percent pace. For the recent 2004 Primary Election, the League-backed candidates were successfully elected at a 93.75 percent pace.

— continued on page 6



How is your CUPAC fundraising program faring for 2004? Need a boost or shall we say a little something sweet to get you through the rest of the afternoon, we mean the rest of the year? How about a candy bar break?

The Florida Credit Union League has created another candy bar wrapper for credit unions to use to raise money for CUPAC. The new wrapper is metallic gold and has the slogan "Craving an opportunity to support YOUR credit union?" The idea is to buy candy bars by the box and turn around and sell them for \$1. Last year this program netted \$4,400 for CUPAC. Many of those participating credit unions said the candy bars sold themselves. It takes almost no effort and the benefit to CUPAC is invaluable.

If your credit union would like to raise money for CUPAC in this fun and easy way, call Grace Potter at 800.342.1266 ext. 1010 or email her at [grace.potter@fcul.org](mailto:grace.potter@fcul.org).

## Positively Political

Pictured here are credit union staff and volunteers in action — political action, that is. By building relationships with legislators and educating them on credit union issues, we continue to spread the credit union story and increase their awareness of credit union issues.



Tom Randle, CEO of Sarasota Coastal CU, is pictured with U.S. Rep. Katherine Harris (R-13) at her district office. He delivered a CULAC check and talked credit union issues with Harris.



Bucky Sebastian (l), Pres., GTE FCU, and Tom Dorety (r), Pres./CEO, Suncoast Schools FCU along with Grace Potter, FCUL Director of Political Action, represented the League at a Democratic Party Senate Victory golf fundraiser. The credit union leaders presented \$25,000 in CUPAC funds to Senate Minority Leader Les Miller (center) for the Party's 2004 campaign efforts. The tournament raised approximately \$300,000.



Several credit unions participated in a fundraising breakfast for Rep. Nan Rich, a candidate to succeed Sen. Debbie Wasserman-Schultz in Broward County. Pictured (L to R) with Rep. Rich are Bill Marquardt of City County CU, and Ted Krysty and Greg Lanier of Eastern Financial Florida CU. Jim Wagy of Tropical Financial CU and Mark Landreth, FCUL Director of Legislative Development, also attended.



Trudy Prince, CCUE, Pres./CEO of Central Florida HealthCare FCU and League Board Chair, attended a fundraiser for Rep. David Simmons' (R-37) re-election campaign to the Florida House.



Chris Brooks, Gulf Winds FCU and League board member, at a fundraiser for U.S. Rep. Jeff Miller (l). It took place on the Lady Val in conjunction with the Pensacola Blue Angel Air Show. Bill Berg was on hand from FCUL.



Tim Baldwin, President of San Antonio Citizens FCU and League Board Member, helped host a fundraiser for U.S. Rep. Adam Putnam (R-12). Along with delivering a CULAC check, Baldwin gave the congressman information about CURIA.



# Regulatory Update

**B**ill 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](mailto:billb@fcu.org).

## The Fair and Accurate Credit Transactions (FACT) Act

FACT was enacted this past December and permanently extends the federal preemptions for credit reporting under the Fair Credit Reporting Act (FCRA). It also enhances the ability of consumers to combat identity theft, increases accuracy of credit reports, and allows consumers to exercise greater control regarding the marketing solicitations they receive. FACT also restricts the use and disclosure of medical information.

With regard to identity theft, FACT provides victims new rights to place “fraud alerts” on their credit reports and to work with creditors and credit bureaus to block negative information on their credit reports that results from identity theft.

Military personnel are now able to place a fraud alert, called an “active duty alert,” when they are deployed.

Consumers will need to use “identity theft reports” and “appropriate proof of identity” in order to place fraud alerts and to block information.

## Free Credit Reports

The Federal Trade Commission has issued its final rule regarding free annual credit reports under FACT and Fair Credit Reporting Act (FCRA). FACT requires that the three nationwide consumer reporting agencies (CRAs) (Equifax, Experian, and Trans Union) provide to consumers, upon request, a free copy of their credit report once every 12 months.

Under the final rule, the nationwide CRAs must establish a “centralized source” for accepting consumer requests for free credit reports (called annual file disclosures in the final rule). This centralized source must include a dedicated Internet website, a toll-free telephone number, and a postal address.

The final rule also provides for a gradual, structured roll-out of the centralized source. The centralized source will become available, over a period of nine months, rolling-out from west to east beginning Dec. 1, 2004. The entire transition will be complete by Sept. 1, 2005.

Consumers will become eligible on the following schedule:

- Dec. 1, 2004: Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming;
- March 1, 2005: Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin;
- June 1, 2005: Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, Oklahoma, South Carolina, Tennessee, and Texas; and
- Sept. 1, 2005: Connecticut, Delaware, District of Columbia, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, North Carolina, Pennsylvania, Rhode Island, Vermont, Virginia, and West Virginia, Puerto Rico, and all U.S. territories.

The centralized source:

- Must have adequate capacity to accept requests from the reasonably anticipated volume of consumers making requests;
- May collect only as much personally identifiable information as necessary to process requests;
- Must provide clear and easily understandable information and instructions on how to make requests; and
- May not include any advertising or marketing that interferes with, detracts from, or undermines the purpose of the centralized source.

## Reporting Student Interest

The Treasury Department and Internal Revenue Service issued final regulations requiring lenders to begin reporting loan origination fees and capitalized interest for qualified education loans made on or after Sept. 1, 2004, relating to the deduction of interest paid on qualified education loans. The rules became effective May 7, 2004.

The final regulations provide guidance on the treatment of amounts such as capitalized interest and loan origination fees, the deductibility of interest payments made by persons other than the taxpayer, the definition of “eligible educational institution,” the definition of “qualified education loan,” and several other issues.

Under Internal Revenue Code 6050S, a credit union must provide a member-borrower with IRS Form 1098-E (Student Loan Interest Statement) if it has received \$600 or more in student loan interest over the course of the year from the member. These final regulations amend the regulations under IRC Section 6050S governing the information reporting by lenders that receive payments of interest on qualified education loans.

## Visit...



**FCUL's  
Compliance  
InfoSight  
Online**

*Your one stop for compliance answers.*

**[www.fcu.org](http://www.fcu.org)**

## 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:

**Community Educators CU:** Barbara Kinney

**Central Florida HealthCare FCU:** Mari Ani Camchong, Yesennia Larrazabal, Deborah McKinney, Onassis Nyariri, Colleen Pendergrast, Gretchen Rivera

**Eckerd CU:** Donna Davis

**Fairwinds CU:** Sharon Kern, Simone Sterling

**Florida Central CU:** Shirley Littleton

**Florida Commerce CU:** Dwunnda Pace

**Florida Telco CU:** Tambi Graves

**FOCUS Credit Union:** Teresa Vinson

**GTE FCU:** Mindy Amoroso, Andrea Adams, Sophia Chow, Donna Codling, Denise Drewry, Jackie Garofolo, Christina Givens, Maria Gonzalez, Sara Harris, Bonnie Henry, Regina Hester, Rebecca Hicks, Esther Mendez, Cathleen Micklos, Deborah Peetz, Mary Stevens

**Harvesters FCU:** Kimberly Saul

**Indian River FCU:** Kelly Ingersoll

**Insight Financial CU:** Susan Cauley, Kelly Clanton, Melina Depedro-Otto, Tommye Donald, Torrie Leitner, Cindy Mako, Deanna Mancil, Nancy Ortiz, Danielle Renz, Jessica Tears

**JM Associates FCU:** Glenda Dingle, Donna Jenkins

**MacDill FCU:** Kamini Khan

**Pen Air FCU:** Darren Duke

**Pinellas County Teachers CU:** Kathleen Chambron, Susan Janney, Leona Williams

**Railroad & Industrial FCU:** Alice Correia, Cynthia Reavis

**Suncoast Schools FCU:** Jessica Adame, Carol Atchison, Sharon Baker, Marlo Bennett, Ashley Berg, Margo Brown, Judyann Campspeer, Maria DeLeon, Linda Disbro, Diana Forero, Candace Goodman, Kathryn Herriman, Winifred Muzzy, Alisha Pellegrini, Raquel Perez, Paula Phair, Jessica Quintanilla, Amanda Reschke, Jackie Sampson, Krystal Shaw, Alexandra Sixma, Susa N Spin, Heither Stein, Judith Straley, Bonnie Taylor, Darla White, Beverly Yopp

**Tyndall FCU:** Susan Hepner

**VyStar CU:** Jannie Anderson, Brooke Bailey, Chase Cassidy, Diana Crawford, Joseph Crawford, Christina Crews, Karen Daigle, Ellen Davis, Louise Davis, Shea Dougherty, Jennifer Elliott, Beverly Emmert, Alishia Fleming, Maria Luisa Kaczetow, Brian Kiefer, Melissa

Kleinsmith, Mindy Moore, Kim Nettles, Kimberly Ryals, Amy Schumacher, Donna Upchurch, Alma Watson, Abby Wolfe

### MERIT CERTIFICATES:

**Insight Financial CU:** Lydia Tikasingh

**Suncoast Schools FCU:** Noami Gonzalez, Dilaida Guzman, Kristen Novakoski

**VyStar CU:** Ellen Davis, Louise Davis, Beverly Emmert, Franchesca Martin

### VAP CERTIFICATES:

**Florida Baptist CU:** Darrel Murray

**Florida Telco CU:** Cynthia deLassus, William Macomber

**IBM Southeast EFCU:** Peter Blacklock

**McCoy FCU:** Robinette McLeroy, Charles Wiles

**Pen Air FCU:** Grady Hester

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.

## NCUF's Second Quarter CIF Grants Total \$335,940 to State Foundations

The National Credit Union Foundation (NCUF) announced recently its disbursement of \$335,940 in grants to state credit union foundations and leagues, bringing the amount disbursed for local outreach to more than \$2.6 million since NCUF's Community Investment Fund began its mission. Through these grant distributions, NCUF and states work together to improve the financial well-being of consumers by funding and delivering programs that improve access to services, increase asset accumulation and enhance the financial literacy levels of the low-income and "unbanked."

"The State Credit Union Foundation (SCUF) Network continues to be a significant partner in supporting the mission

of the Foundation," said Chuck Purvis, NCUF Chairman. "The work we do is greatly enhanced by the outreach the SCUF Network provides at the local level."

Funding for projects undertaken by the NCUF/SCUF partnership is derived in part from the Foundation's unique Community Investment Fund (CIF). As part of a win/win equation, credit unions in participating states place on deposit funds in the NCUF's CIF. A maximum of two percent of the return on a credit union's investment in CIF goes to the Foundation. One half of this amount is returned, pro rata, back to the leagues and/or state credit union foundation in the state of investment origin.

"Our taskforce involvement with NCUF's Community Investment Fund has

effectively doubled our ability to fund credit union and community development programs here in Texas," said Angela McCathran, Chair of the Texas Credit Union League's CIF Task Force and CEO of Shell Employees FCU. "Last quarter Texas received just over \$16,000 in grants from the Fund. This quarter we received \$30,000. These funds will go a long way in helping us fund Small Credit Union Grants, Hispanic Outreach Programs, and Financial Education Initiatives."

Funds returned to the states are specifically earmarked for state and local development activities including: projects that extend credit union services to the

— continued on page 9

## APPLE & Bridge Project Grants available through Nat'l Federation of CDCUs

The National Federation of Community Development Credit Unions has two grant opportunities currently available for both CDCUs and mainstream credit unions. Both RFPs have a deadline of **September 20, 2004**. For the grant RFPs and additional information, visit the Federation's website at: <http://www.cdcu.coop/i4a/pages/index.cfm?pageid=272>.

**The APPLE, or Alternative Products to Payday Lending Grant** is funded by JP Morgan Chase and Bank One and **available to CDCUs** working within the markets served by JP Morgan Chase/Bank One. Grant recipients will be chosen in collaboration with JP Morgan Chase and Bank One, and up to \$50,000 will go to credit unions that currently have anti-payday lending programs, or to credit unions interested in starting such a program. Awardees are expected to use 50 percent of APPLE Grant funds for loan loss reserves, with the remaining 50 percent for other APPLE program expenses (see RFP for additional details).

**The Bridge Project Grant** offers eligible credit unions with grants of up to \$100,000 to promote, document and identify the implementation of replicable and sustainable approaches to extending credit union services to low-income communities. Funded by the Ford Foundation, Bridge grants will be awarded to **"mainstream" credit unions** interested in or committed to extending financial services low-income populations. (See RFP for details).

If you have any grant-related questions, feel free to contact Federation Development Officer, Terry Ratigan at: [tratigan@cdc.u.coop](mailto:tratigan@cdc.u.coop) or by phone at: 212.809.1850, Extension 251.

## Maximizing Human Performance – Part I

By Anita Stoumbelis, FCUL Senior Vice President, Human Resources

During the past few years, American industry has spent significant amounts of money and time enhancing its technology, information systems and automated delivery channels in order to improve productivity and customer satisfaction. Credit unions have certainly followed this trend with the growth of on-line banking, e-statements, on-line bill pay and automated loan applications, to name only a few.

While technology advances remain critical to the survival of today's businesses, when asked by Business Week magazine, top senior executives resoundingly said that human performance will be more important than technology or productivity in the future, and acquiring and retaining people will be a key business strategy.

As competition increases in our industry, the ability of credit unions to maximize human performance will be **THE KEY** to continued growth and prosperity.

How do you maximize human performance in your credit union? By having a different organizational structure? A better training program? More pay? Better benefits? New operating procedures? An enhanced selection process? The answer is yes to all of these, and more.

How do you know what actions to take that will make the difference?

Improving human performance in the workplace is not a new topic. From the early industrial psychologists to the later day Six Sigma students, businesses have struggled to find the right mix of elements that contribute to a high-performing workplace.

The approach to performance improvement that will be studied in this series of articles is that of "Human Performance Technology," a phrase coined by the American Society of Training Directors (ASTD). ASTD defines Human Performance Technology, as the systematic process of discovering and analyzing

important human performance gaps, planning for future improvements in human performance, designing and developing cost-effective and ethically justifiable interventions to close performance gaps, implementing the interventions, and evaluating the financial and nonfinancial results.

From this definition emerges a working model of human performance as follows:

- Define precisely the goals of the organization.
  - Specify what the performer is to produce and do within the process.
  - Select high-potential performers when hiring or assigning to a work team.
  - Provide the appropriate skills and knowledge through training and/or job aids.
  - Engineer the work environment to support the desired performance.
- Provide motivation and incentives that are compatible with the work environment.

Next month, we will begin working through this model of performance improvement and how it can be used to improve the performance in your credit union.

"We spend all of our time on people. The day we screw up the people thing, this company is over."

Jack Welch  
President –  
General Electric



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

## Still standing strong

Tallahassee Federal Credit Union celebrated its 65th anniversary last month. With refreshments and a grand prize drawing, many members came by to celebrate. Out of more than 125 members who entered, Mrs. Sarah Dugan, a member since 1982, won the grand prize, a 51 inch big screen color television.



Fran Fletcher (l), CEO, Tallahassee FCU, and Mrs. Sarah Dugan, grand prize winner.

## HealthAmerica CU hosts free credit scoring seminar

HealthAmerica Credit Union offered a free Credit Scoring Seminar to the public recently at its main office. Seminar conductor, Keith Davis, explained to attendees how to read credit reports, improve the all-important Credit Score, correct errors, and repair damage - the keys to attaining and maintaining good credit.

Due to overwhelming interest in the seminar, some of the overflow crowd had to be put on a waiting list. The credit union plans to host another free Credit Scoring Seminar this fall. For seminar information, contact Gina Gaskins at 904.996.7423.

## FAIRWINDS in Orlando Sentinel's Top 100 Companies for Working Families

FAIRWINDS Credit Union is proud to be at the top! FAIRWINDS was ranked number nine in this year's *Orlando Sentinel's* Top 100 Companies for Working Families 2004. This contest is designed to recognize employers in the local Central Florida area that make it a top priority to

create and maintain a balance for both work and home life for their employees.

As an employer, FAIRWINDS is excited to be recognized at this level and will continue to strive to provide an environment in which workers with families feel comfortable, welcome and accommodated.

## Dorety re-elected to CUNA Board

Tom Dorety, President/CEO of Suncoast Schools FCU and League board member, was re-elected to the Credit Union National Association's (CUNA) Board of Directors, recently. Dorety and another incumbent reclaimed their positions in the three contested elections for the CUNA Board of Directors.

Voting, which closed Sept. 1, resulted in the following successful candidates:

- Tom Dorety (incumbent), president/CEO of Suncoast Schools FCU, Tampa, Fla., District 3, Class C; and
- Diana L. Roberts (incumbent), president/CEO, Hershey (Pa.) FCU, District 1, Class A;
- Pat Wesenberg, president/CEO, Point Plus CU, Stevens Point, Wis., District 4, Class A.

## Tampa Bay FCU donates \$\$\$ to Community College

Tampa Bay Federal Credit Union representatives Dale Schumacher, CEO, and Cindy Walker, Executive Vice President recently presented Hillsborough Community College with a \$5,000 donation. This endowment supports the credit union's Ed DeBusk Scholarship for Business majors. To be eligible for this scholarship, applicants must be full-time students who demonstrate interest in the credit union movement, as well as academic excellence.



(L to R): Adrienne Garcia, Exec. Director of Hillsborough Community College Foundation, Inc., Gwendolyn Stephenson, President, Hillsborough Community College; Dale Schumacher and Cynthia Walker, both of Tampa Bay FCU.

## Insight Financial launches online mortgage center

Insight Financial Credit Union announced recently the addition of an online mortgage origination center to its website at [www.insightfinancialcu.com](http://www.insightfinancialcu.com). It gives users the ability to research interest rates and loans products and apply for their mortgage online 24-hours a day, 7-days a week.

Online tools included in the website consist of mortgage calculators, a glossary, details of what to expect throughout the application process and product descriptions. Help is provided along the application path and is customized for the specific questions that are displayed on the screen.

## ECECU awards scholarships

Two Pensacola-area students are recipients of the 2004 Al Evans, Jr. Memorial Scholarship, presented by Escambia County Employees Credit Union (ECECU). **Kelli D. Fairley** of Pensacola and **Joshua S. Brown** of Cantonment were awarded the \$1,000 scholarships by ECECU's Education Committee based on their impressive high school academic and extracurricular accomplishments.

The Al Evans, Jr. Memorial Scholarship assists deserving credit union members who are high school graduates beginning undergraduate education. The scholarship provides a one-time award of \$1,000 for use at any accredited college or university by first-year college students.

## Palm Beach Chapter Golf Tournament raises \$\$\$ for charity

The **Palm Beach Chapter of the FCUL** recently held its 14<sup>th</sup> Annual Charity Golf Tournament. The event was held at Emerald Dunes in West Palm Beach. More than 140 golfers participated grossing more than \$30,000 — more than double that of previous tournaments. Proceeds of the tournament will benefit the Foundation for Comprehensive Community Care (HIV/Aids and related diseases). Chairman **Barry Hughes** (IBM SE Employees FCU) would like to thank all players and sponsors for making this event so successful.



(L to R): **Mike Whalen**, Rinker CU; **Barry Hughes**, IBM SE EMP FCU; **Patrick Shandorf**, The CU of Palm Beach County.

## CIF Grants total \$335,940

— continued from page 6

unserved and/or underserved; small credit union initiatives; community outreach; and, financial education. Top ten states receiving distributions are: North Carolina, California, Texas, Florida, New York, Colorado, Washington, Illinois, Missouri and Ohio. A complete list credit unions investing in the CIF can be found at [www.ncuf.coop](http://www.ncuf.coop). Questions about the National Credit Union Foundation's Community Investment Fund should be directed to **Kris Hoffman**, Manager of Donor Relations, at 800.356.9655, extension 4397 or via e-mail at [khoffman@ncuf.coop](mailto:khoffman@ncuf.coop).

### Florida CIF Fund Update

With the help of a new investor, Southeast Corporate FCU, the second quarter distribution for the Florida CIF fund increased by more than 50 percent from first quarter's distribution. Second quarter distribution was \$28,327; first quarter distribution was \$15,334. This brings the amount invested in the CIF fund for Florida to a total of \$23,140,000.

There are currently six Florida credit unions with an investment in the fund. They are:

- Suncoast Schools FCU** - \$11,000,000
- Southeast Corporate FCU** - \$6,000,000
- GTE FCU** - \$5,000,000
- Fairwinds FCU** - \$1,000,000
- Gold Coast** - \$100,000
- The CU of Palm Beach County** - \$40,000

The funds can be used for:

- Education of Florida credit union and league employees and volunteers;
- Public education initiatives related to consumer finance;
- Projects and programs that support new, small or community development credit unions;
- Programs or projects that extend credit union services to the full range of membership, with emphasis on the unserved or underserved; and
- International partnerships.

## Hurricanes

— continued from front page

Phase One of the relief efforts saw the League raise money to fund the efforts and to pass out \$500 cash grants to those individuals recommended for such help by their credit union. Two weeks after starting the relief efforts the League had raised more than \$90,000 in funds and passed out 71 \$500 grants to help in the recovery efforts.

One such grant was given to an employee of VISTA FCU in the Orlando area who had suffered damage to her home. Due to the severity of the damage, this single mom of four had to move to a hotel, quickly depleting her cash. Desperate for help she turned to VISTA FCU, which arranged for housing at the Walt Disney Resort for her free of charge. In addition, after being alerted by VISTA, the League sent the woman a check for \$500 to help her buy food and supplies for her children. Her emotional thank you to the League was inspiring.

The League is now into Phase Two of the recovery efforts, asking credit unions to forward grant applications of affected employees and volunteers in order for the League to be able to evaluate how to apportion the funds to assist in any rebuilding efforts.

Unfortunately, just as these efforts shifted into high gear, Hurricane Frances slammed into Florida's east coast. The storm impacted nearly every location in the state, including the Panhandle. In Tallahassee, the League offices closed the day after Francis hit as a result of its feared impact. The capital city escaped any major setbacks as Francis finally exited the state. As to those that were affected, the same relief organizations assisting with Charley are still in place for Frances.

The League on Labor Day weekend established emergency communications procedures to assist affected credit unions, their employees and volunteers. Status reports were posted on the League's website and emergency managers were in constant touch with many, many credit unions.

# Regulations: not all overdraft programs are equal

By John M. Floyd, Chairman and CEO, John M. Floyd & Associates

We've all figured out by now that not all overdraft programs are created equal. There's no way you could miss the media attention given to these programs that are meant to provide additional benefits to your members.

But it's the institutions abusing the programs that have sparked the interest of consumer advocate groups like the National Consumer Law Center, and in turn, have come to the attention of the Federal Financial Institutions Examinations Council. The Fed has been reviewing compliance issues concerning check overdraft programs and in May announced that overdraft programs should not be covered under the truth-in-lending laws. They did not propose any substantive restrictions on them.

The Fed has also proposed amendments to Regulation DD, addressing the concerns about the uniformity and adequacy of information provided to consumers when they overdraw accounts. Revisions are proposed to expand the prohibition against misleading advertisements to cover communications with current consumers about existing accounts. The requirements under Regulation DD would stipulate additional fees and other disclosures about courtesy overdraft services, including advertisements.

So what catches the attention of the regulators? *Noncompliance*. If your credit union is looking to implement an overdraft program, be sure it is guaranteed to be nondiscriminatory and 100 percent compliant with federal and state regulations as well as with recently suggested changes. If you are not compliant and are failing to educate your members about the program, your credit union will feel some heat.

## Overdraft privilege is not a loan

Some critics challenge overdraft programs saying they need stricter controls under the Truth in Lending Act. An overdraft privilege program is not administered like a loan because it is a service. The members are allowed to overdraw their transaction accounts, subject to a one-time, pre-

established limit. The overdrawn account must then return to a positive balance every 30 days.

The fee involved does not follow the outline of the Truth in Lending Act, and this one-time fee is the same fee the credit union would charge for an NSF check when it is returned. Your members are benefiting by your credit union paying the check and not being penalized by a merchant fee in addition to an NSF fee.

Just think of it this way: An overdraft program should not be viewed as a short-term loan at exorbitant rates any more than a \$20 parking ticket is viewed as a punitive, inflated rental rate when a driver overstays the meter by a few minutes.

## Education is needed

If your credit union implements an overdraft program, you need to be certain your members fully understand it and that you're communicating with them about it. The members who do not fully understand will be the ones communicating instead with the consumer action groups seeking regulatory changes.

Many of the consumer groups say credit union members are unaware of the overdraft fees until they get their statements at the end of the month. To be implemented properly, members should know about the overdraft privilege program and their dollar limit from the beginning — before they even use it — and every time they use it.

## Market the program wisely

Marketing your overdraft program as a safety net rather than something members should rely on is the right move. Remember, your overdraft program — like any other benefit — can be abused, and your intent is to provide a benefit to your members, not a hindrance to their financial future.

## The Do's and Don'ts of Overdraft Programs

- **Do** comply with all federal and state regulations.
- **Do NOT** assume you are compliant.

- **Do** charge a flat, one-time NSF fee for the overdraft.
- **Do NOT** assess any additional daily fees.
- **Do** communicate often with your members.
- **Do NOT** wait until the end of the month to "surprise" your members with the overdraft fees.
- **Do** market your overdraft program.
- **Do NOT** promote your program as an impulse purchase safeguard.

To learn more about overdraft privilege programs, call John M. Floyd and Associates, at 800.809.2307 or visit [www.OverdraftPrivilege.org](http://www.OverdraftPrivilege.org).

## No thrills!

— continued from page 3

transferred...and no transfer fees! People were lining up for one of our MasterCards."

When asked about the risks involved with that much in unsecured loans, Barco replied, "My staff ran a credit history on all new accounts before giving them one of our MasterCards. If they were an existing cardholder and wanted a credit limit increase to do the balance transfer, we ran a credit history. We were careful and it paid off. Two years later I've charged off less than 5 percent. That's an acceptable risk in my opinion!"

Tropicana FCU had a very small marketing budget to work with. The key to their success was the way they used it. They gave tee shirts to the staff boldly emblazoned "NO FRILLS! NO THRILLS! NO KIDDING!" It's obvious from the response they had. Few members could refrain from asking, "What's your tee shirt about?" The staff was up to date and knew exactly what to tell the member and who to send them to set the balance transfer wheels in motion.

If you need some help planning a balance transfer promotion, or just want to talk about your credit card program, give B. J. Vonier, Credit Card Supervisor, a call at 800.342.1266, extension 1180.

# No more searching...No more guessing... **KNOWMORE**

To learn more about these learning opportunities, visit [www.KNOWMORE.net](http://www.KNOWMORE.net) today.

Another service brought to you by FCUL 

## **A Journey to Service Excellence**

No matter where your credit union is in its quest to provide the best service possible to its members, KNOWMORE's Journey to Service Excellence program provides insight, direction and guidance along the way. KNOWMORE and AIS Media have partnered together to offer on-site interactive sales training. This program is designed to provide member-contact staff with the skills, tools, practice, and confidence to give extraordinary service to credit union members. The full service philosophy teaches professionalism, communication skills, question-asking techniques, needs identification, listening skills, and a solutions-based selling approach. The results are empowered employees, satisfied members, increased product sales, and an unmatched reputation of service excellence. For more information or a program implementation proposal, call 1.800.342.1266, x1036.

## **2004 New Florida Drivers' License Webinar**

With as many as 15 million people affected by fraud and identity theft in the U.S in 2003, Florida has developed new drivers' licenses and I.D. cards with identity protection enhancements. Give your frontline staff and managers the knowledge they need to maximize this new layer of security by learning to recognize the new images and formats of the cards, identify card and class types, and utilize the new security features to safeguard from potential losses.

**Date: September 15, 2004 2 p.m. – 3:30 p.m. EST**

**Date: September 16, 2004 10 a.m. – 11:30 a.m. EST**

**Fee: \$99**

## **FCUL 2004 Collections & Bankruptcy Conference**

Bankruptcies have reached epidemic levels in Florida, and it is more important than ever for credit unions to thoroughly familiarize themselves with their rights and obligations under the Bankruptcy Code. This information packed conference will provide your Collection Managers, Collection Officers, Lending Managers, and Compliance Officers with knowledge on effective bankruptcy control, collection tips, and give them the tools they need to help reduce charge-off activity and loan losses.

**Date: October 5-7, 2004**

**Location: Orlando, FL**

**Hotel: Florida Mall Hotel**

**Fee: \$479**

## **2004 IRA Essentials Training**

This full-day program will give participants a solid foundation in IRA basics. You will explore the differences between traditional and Roth IRA's, concentrating on the application process and the contribution and distribution rules. Attendees will leave this training with the ability to work with IRA owners and process basic IRA transactions with confidence. This is a beginner's session. No previous IRA knowledge is required.

**Date: November 2, 2004 and November 4, 2004**

**Location: Orlando and Tallahassee, FL**

**Hotels: Florida Mall Hotel and Radisson Hotel**

**Fee: \$169**

## **2004 IRA Advanced Training**

This full-day training will provide participants with the most current information on legislative and regulatory changes. Topics include, the methods for calculating the income attributable to excess and recharacterized contributions and the ruling providing guidance on pre-591/2 periodic payments. It will also cover the finalized RMD regulations and ways to handle excess contributions. Intermediate IRA knowledge is required.

**Date: November 3, 2004 and November 5, 2004**

**Location: Orlando and Tallahassee, FL**

**Hotels: Florida Mall Hotel and Radisson Hotel**

**Fee: \$199**

## **Candidate interviews**

— continued from page 4

Interview sessions, such as those just held, are one element the League uses to help make the determination as to which candidates to back.

FCUL's Executive Vice President Aletta Shutes said that the League involvement in the electoral process is on-going.

"We are constantly researching candidates and potential candidates," said Shutes. "It is our goal to back the very best candidates we can. It is equally important that candidates hear from us to learn what issues are important to credit unions and what concerns them."

The Florida General election will be held on Tuesday, November 2. The League's goal is to maintain or surpass its success rate of the recent primary elections.

# Regional CUNA CFO Council Roundtable

The CUNA CFO Council, in conjunction with the Florida Credit Union League, is hosting a one-day conference devoted to the topics of ALM and Investments along with roundtable and best practice discussions on each subject. Join your fellow CFOs in a learning and sharing experience. *Council membership is not required to attend this roundtable.*

Friday, September 24, 2004  
Portofino Bay Hotel at Universal Studios  
Orlando, Florida

**When:** Friday, September 24, 2004

**Time:** 9:00 a.m. – 4:00 p.m.

**Cost:** \$49 per person

**Location:** Portofino Bay Hotel at  
Universal Studios  
5601 Universal Blvd  
Orlando, FL 32819  
Phone: 407.503.1000

## CHAPTER MEETINGS

For further information, please refer  
to the League website

[www.fcul.org](http://www.fcul.org)

### Central Florida Chapter

September 15

### Escambia Chapter

September 16

### Northeast Florida Chapter

September 30 - golf tournament

### Tampa Chapter

September 14

### Tallahassee Chapter

September TBA

The *Florida Credit Union News* is a monthly publication of the Florida Credit Union League ([www.fcul.org](http://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 email [amy.jowers@fcul.org](mailto: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**

First Class Mail  
U.S. Postage  
PAID  
Tallahassee, FL  
Permit No. 618