

Hyland Outreach Task Force

Hyland leads final “Town Hall” meeting: work begins on report

NCUA Board Member Gigi Hyland hosted the last of six Outreach Task Force “Town Hall” meetings October 2, 2007, in Arlington, Va. The Task Force, comprised of NCUA staff members and chaired by Board Member Hyland, was created to review recommendations from the Member Service Assessment Pilot Program (MSAP) and advise the NCUA Board based on the findings.

The topics addressed during the six meetings included: programs and processes to encourage outreach to underserved communities; value of low-income designation; and data collection on member income and executive compensation.

“The town hall meetings are a critical component of the Task Force’s mission of evaluating the MSAP in order to make recommendations aimed at enhancing service to credit union members,” stated Hyland. “As we facilitated these meetings across the country, the support the credit union community has given to the Task Force has been exemplary, and the insights shared will prove to be invaluable as the Task Force deliberates to produce the report.”



Arlington, Va., October 2, 2007—NCUA Board Member Gigi Hyland (standing) observes during table discussions held at the final Outreach Task Force Town Hall Meeting.

In addition to Arlington, Va., the “Town Hall” meetings were held in Cincinnati, Boston, New Orleans, Los Angeles, and Denver. Attendees were assigned tables to discuss and record their ideas regarding the featured issues, followed by an open discussion led by Board Member Hyland when each table provided their insights to the entire audience. The information was summarized at the meeting and will be

synthesized into the Task Force’s report, targeted for release near the end of the first quarter of 2008.

NCUA discusses Matrix elimination

NCUA is working with the National Association of State Credit Union Supervisors (NASCUS) and reaching out to various credit union industry trade groups discussing possible elimination of the CAMEL Matrix. CAMEL will continue to be NCUA’s internal rating system. NCUA is confining its review to the matrix, an optional examiner tool in use since 1995.

The matrix currently consists of static

ratio benchmarks. CAMEL is not an arithmetic score or a comparison to other credit unions of similar asset size.

An examiner’s overall assessment of a credit union is based on numerous factors. As stated in *Letter to Credit Unions Number 03-CU-04*, “CAMEL is not intended to be used as a report card but as an internal NCUA tool to measure risk and allocate resource for supervision purposes.”

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Comments requested on protecting federal funds from garnishments

The federal financial regulatory agencies are requesting comments on a statement encouraging federally regulated financial institutions to follow best practices to protect federal benefit payments from garnishment orders.

Federal law protects federal benefit payments—such as Social Security benefits, Supplemental Security Income

benefits, Veterans' benefits, Federal Civil Service retirement benefits, and Federal Railroad retirement benefits—from garnishment orders and the claims of judgment creditors with exceptions, such as claims for alimony or child support.

The proposed guidance lists best practices followed by financial institutions in this area, invites suggestions on other practices the agencies should consider, and encourages financial institutions to stay apprised of any future guidance issued by the Social Security Administration or Department of Veterans Affairs regarding garnishment practices and developments in the courts in their jurisdiction regarding garnishment practices.

The proposed statement, issued by the Federal Reserve Board, FDIC, OCC, OTS, and NCUA, is available online at http://www.ncua.gov/news/press_releases/2007/JR07-0919Attachment.pdf

Join NCUA's annual budget briefing

NCUA will hold its seventh annual budget briefing October 22 in Alexandria to introduce its proposed 2008 budget, and the public is invited to participate.

NCUA is funded by the credit union system, not tax dollars, and Chairman JoAnn Johnson encourages all interested parties to contribute to this meeting by attending and providing their input.

Participants can present oral statements by submitting requests before October 15 and can submit written comments to the Secretary of the Board by November 1. Mail comments and participation requests to Mary Rupp, Secretary of the Board, National Credit Union Administration, 1775 Duke Street, Alexandria, VA 22314, fax 703-518-6319, or email regcomments@ncua.gov.



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NCUA News

National Credit Union Administration

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JoAnn Johnson, *Chairman*
Rodney E. Hood, *Vice Chairman*
Christiane Gigi Hyland, *Board Member*

Information about NCUA and its services may be secured by contacting 703-518-6330.

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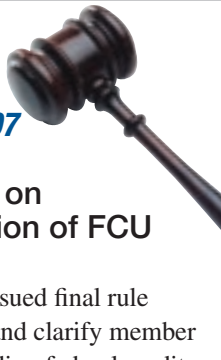
News briefs

► **NCUA challenges lawsuit**—NCUA filed a motion Sept. 7, 2007, with the U.S. District Court for the Eastern District of Virginia, to dismiss a lawsuit challenging credit union conversion rules promulgated by NCUA. The organization that filed the suit, the Coalition for Credit Union Charter Options, claims in its complaint that it seeks to preserve charter choice for credit unions. A hearing on NCUA's motion is scheduled for October 19, 2007.

► **HMDA data**—2006 HMDA data are available on mortgage lending activities at 8,886 financial institutions in metropolitan statistical areas (MSAs) throughout the country. The HMDA data cover 2006 loan applications, loan originations, and loan purchases. Financial institution disclosure statements, individual institution data, and MSA and nationwide aggregate reports are available at www.ffiec.gov/hmda. Other order forms describing the available reports, prices, and formats are available at www.ffiec.gov/hmda/orderform.htm.

► **Underserved area activity**—Through September 2007, 41 multiple common bond credit unions added 51 underserved areas to their fields of membership. These underserved area approvals have provided 6,235,525 potential members with access to credit union services.

Board actions September 27, 2007



Final rule issued on member inspection of FCU records

The NCUA Board issued final rule §701.3 to standardize and clarify member inspection rights regarding federal credit union books, records and minutes. The final rule permits approximately 1 percent of an FCU's members, upon petition and when it affects members' financial interests, to inspect the non-confidential portions of the credit union's books, records and minutes. Petitioning members must agree to reimburse the FCU for locating and duplicating costs.

Categories of confidential records that are exempt from member inspection include personal and financial information

about individual credit union employees and members and also information that if published could cause the credit union predictable and substantial financial harm. Either petitioners or the credit union may submit disputes related to inspection requests to the NCUA regional director for resolution.

This regulation supersedes existing NCUA legal opinions that state member inspection rights are determined by state corporation law where the FCU is located.

The new rule is effective 30 days after publication in the Federal Register.

Charter conversion requests Consolidated Federal Credit Union

The NCUA Board approved the request to convert \$148.8 million Consolidated Federal Credit Union, Portland, Ore., from

a multiple-group charter to a community charter able to serve the 1.6 million people who live, work, worship, or attend school, and business and other legal entities in Multnomah, Washington, and Clackamas Counties in Oregon.

Connects Federal Credit Union

The NCUA Board approved the request to convert \$63 million Connects Federal Credit Union, Richmond, Va., from a multiple-group charter to a community charter able to serve the 806,000 people who live, work, worship, or attend school, and business and other legal entities in the Greater Richmond Area. It consists of the City of Richmond and Virginia counties of Henrico, Chesterfield and Hanover.

Board votes are unanimous unless otherwise indicated

Chairman Johnson addresses NYC unbanked conference

Acknowledging the problem, providing financial education, and expanding service to the unbanked are key to needed change.

Chairman JoAnn Johnson stressed the financial services world needs to acknowledge there is a problem in reaching the unbanked, financial education is essential to changing people's lives, and giving credit unions the opportunity to reach out to underserved areas is key to implementing change when she addressed the **Eastern Regional Conference on Reaching Unbanked People** in New York City Oct. 4, 2007.

Joining U.S. Treasurer Anna Escobedo Cabral and Treasury Deputy Assistance Secretary Dan Iannicola, Johnson discussed some reasons for and ramifications of the more than 10 million Americans being without access to mainstream financial services. She encouraged financial institutions to overcome the challenges and strive to make a difference in the communities they service.

"While financial education is not the sole cure for problems facing the underserved, it is necessary for all of us

in the financial services community to emphasize its significant role at every opportunity," Chairman Johnson said. "The advertising slogan "an educated consumer is our best customer" resonates when it comes to financial literacy among the unbanked."

"As NCUA Chairman, financial education is a priority for me. I believe that achieving financial well-being is not

based on obtaining a loan or buying a new car; rather, it is learning and adhering to basic financial principles—knowing the importance of saving, how to balance a checkbook, budgeting, and investing for the future. Financial education fosters financial stability for individuals and for entire communities. The more people know about credit and financial services,

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New York, N.Y., Oct. 4, 2007—NCUA Chairman JoAnn Johnson with Michael Wishnow, Senior Vice President, Pennsylvania CU Association; Roland "Arty" Arteaga, President, Defense Credit Union Council; and Joseph Wambach, Executive Director, Pennsylvania Credit Union Foundation at the Eastern Regional Conference on Reaching Unbanked People held at the City University of New York CUNY Graduate Center.

Conversations with AMERICA



My Government Listens

Date: Thursday, October 18, 2007
Who: Vice Chairman Rodney E. Hood
Event: Announcement Ceremony to name new Chairman of Operation HOPE's Mid-West Board of Directors
Location: Chicago, IL
Contact: Sally Thompson at sridgely@ncua.gov

Date: Thursday, October 18, 2007
Who: Board Member Gigi Hyland
Event: Indiana CU League Large CU Roundtable
Location: Indianapolis, IN
Contact: Laurie Eagan at laurie@ncua.gov or 703-518-6318

Small Credit Union Workshops

The NCUA Office of Small Credit Union Initiatives is hosting a number of Small Credit Union Workshops. Upcoming 2007 workshops will be held in the following cities.

Charleston, WV	October 16
Cleveland, OH	October 17
Boise, ID	October 27

Registration forms are online at: <http://www.ncua.gov/CreditUnionDevelopment/Events/Index.htm>

For information on all workshops call: (703) 518-6610 or visit <http://www.ncua.gov/CreditUnionDevelopment/Index.htm>

Date: Wednesday, October 24, 2007
Who: Vice Chairman Rodney E. Hood
Event: Tennessee Credit Union League's Meeting of the 25 Largest Credit Unions
Location: Asheville, NC
Contact: Sally Thompson at sridgely@ncua.gov

Date: Saturday, October 27, 2007
Who: Chairman JoAnn Johnson
Event: Maryland/DC and Delaware Volunteer's Conference
Location: Ocean City, MD
Contact: Linda Queen at lqueen@ncua.gov or 703-518-6309

Date: Thursday, November 8, 2007
Who: Vice Chairman Rodney E. Hood
Event: Florida Central Credit Unions CEO Roundtable
Location: Tampa, FL
Contact: Sally Thompson at sridgely@ncua.gov

Date: Monday, November 12, 2007
Who: Chairman JoAnn Johnson
Event: United Methodist Credit Union Association's Annual Meeting
Location: Las Vegas, NV
Contact: Linda Queen at lqueen@ncua.gov or 703-518-6309

NYC unbanked conference

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the more likely they are to increase savings, budget, and make wise choices when loans are necessary.

"Credit unions are proven partners in the battle to achieve financial literacy for many Americans, and NCUA is working with Congress to allow all federal credit unions to expand their fields of membership to serve the many that remain unable to access reasonably priced financial services within their communities," Johnson said.

NCUA works diligently to help partner credit unions with government agencies, including the US Department of Treasury

and other non-profit organizations, to expand financial education concepts and programs for all credit union members, particularly those who are underserved and unbanked, Chairman Johnson noted.

"I am honored to serve as NCUA's representative on the Financial Literacy Education Commission, and since it was created in 2003 we have accomplished a great deal, including making the MyMoney.gov website available to the public and creation of the National Strategy for Financial Literacy. However, there is a lot more to be done, and I look forward to working hard with my fellow Commission members to accomplish even more in the future," Chairman Johnson said.



Alexandria, Va., September 28, 2007—Chairman JoAnn Johnson with the Illinois Credit Union League members who toured the agency during a Hike the Hill visit to Washington, D.C. From the left are Woody Moore, Land of Lincoln CU (Decatur); Toni Currie, Land of Lincoln CU; Sue Malo, Great Lakes CU (North Chicago); Geraldine Burek, South Division CU (Evergreen Park); Chairman JoAnn Johnson; John Paul, Jr., South Division CU; Carl Sorgatz, Hawthorne CU (Naperville); Karl Mueller, South Division CU; Don Edwards, Illinois CU League; and Kris Kim, Motorola ECU (Schaumburg).

Hood participates in African regulators roundtable

Vice Chairman Hood addressed the regulators roundtable, walked through Kibera and visited local credit unions in Nairobi

NCUA Vice Chairman Rodney Hood addressed 48 representatives from Ghana, Kenya, Malawi, Rwanda, Tanzania, South Africa and Uganda at the first African SACCO Regulators Roundtable held by the World Council of Credit Unions and the Canadian Co-operative Association August 28-29, 2007, in Nairobi. The representatives regulate 7,000 savings and credit cooperatives, SACCOs, which are African credit unions that serve 5.3 million members and have \$2.4 billion in assets.

Topics on the agenda ranged from key differences in legislation between

microfinance institutions and SACCOs, access to clearing and settlement systems, transparency in reporting, and strategies for supervising large numbers of small SACCOs, to prudential and operational standards for SACCOs and service to nonmembers.

Vice Chairman Hood's remarks emphasized safety and soundness on a large scale, effective not obsessive regulation and responding to the needs of member-owners. He also discussed the work accomplished by NCUA's Office of Small Credit Union Initiatives.

Kibera visit

While in Nairobi, Vice Chairman Hood also visited a branch of the United Nations Federal Credit Union (UNFCU) and the slum community of Kibera to see the new soccer field sponsored by UNFCU.

Kibera, located about 10 km from Nairobi's Central Business District, is the largest slum in Africa and home to over 1 million people. Nairobi has a population of about 3 million people.

Along with other developmental organizations and programs, UNFCU and the local SACCO, Jamii, hope to form a SACCO in Kibera to develop financial skills, computer skills and other tools to help the people earn a living and become self-sufficient.



Nairobi, Kenya, August 29, 2007—Standing in front of the local branch of the United Nations Federal Credit Union are, from the left, Daniel Ptacek, UNFCU Vice President of Branch Administration; Tim Challen, UNFCU Business Development Associate; NCUA Vice Chairman Rodney Hood; Michael Mwangi, President of the UNON Staff Union; and Carlton Hoskins, Senior Policy Advisory to Vice Chairman Hood.



Kibera, Kenya, August 30, 2007—Vice Chairman Hood (5th from left) and his advisor Carlton Hoskins (center) with people from the local community and representatives from the many organizations working to improve the lives of the people who live in Kibera—UN-HABITAT Safer Cities, UNFCU, WOCCU, and UNICEF Kenya Slum Upgrading Program. The group visited the sports field that was upgraded thanks to the Kilimanjaro Initiative (details at <http://www.kilimanjaroinitiative.org/pages/about-us.php>) and took part in a seminar aimed at understanding some of the challenges faced by the young in Kibera.

NCUA's 2008 Board meeting schedule

The National Credit Union Administration Board plans to convene each month in 2008 on a Thursday at 10 a.m. (except August when the Board historically does not meet) on the following dates:

January 24	July 24
February 21	No August meeting
March 20	September 25
April 17	October 16
May 22	November 20
June 19	December 18

Credit union officials, trade groups, media and the general public are invited to attend open meetings of the NCUA Board to witness the discussion and decision-making process that affects the vast majority of the nation's credit unions and NCUA operations.

The Board meeting schedule is subject to change.



Hyland emphasizes protecting members security

NCUA Board Member Gigi Hyland participated in a podcast in August addressing the latest best practices credit unions can consider in order to protect their members from data breaches and security risks.

The podcast, hosted by CUInfoSecurity.com, focused on:

- Information security and risk management best practices at both large and small credit unions.
- NCUA's regulatory role in preventing security breaches among credit unions using third party vendors; and



- Protecting credit union members from phishing attacks. "This podcast discussion offers a unique perspective from a regulator regarding issues which are vital to ensuring the safety and soundness of credit unions and the financial security of their members," stated Hyland. "I encourage all who share in the task of protecting their members to incorporate this

podcast among their resources to accomplish that task."

A transcript and audio of the podcast is available online at: <http://www.cuinfosecurity.com/>.

Financial regulators propose consumer information illustrations

The federal financial regulatory agencies issued proposed illustrations of consumer information for certain adjustable-rate mortgage (ARM) products described in the agencies' Statement on Subprime Mortgage Lending, effective July 10, 2007. The subprime statement recommends communications that ensure consumers have clear, balanced, and timely information about the relative benefits and

risks of certain ARM products.

The illustrations are intended to assist institutions in providing this information and consist of (1) an explanation of some key features and risks that the Subprime Statement identifies, including payment shock, and (2) a chart that shows the potential consequences of payment shock in a concrete, readily understandable manner.



The agencies seek public comment on all aspects of the proposed illustrations, which is available online at http://www.ncua.gov/RegulationsOpinionsLaws/proposed_regs/proposed_regs.html.