



# SOLUTIONS



AN ELECTRONIC REPORT FROM THE CUNA OPERATIONS OFFICER COUNCIL

## September in San Diego...It's the place to be!

**6th Annual CUNA COO Council Conference • September 7-10, 2003  
Westin Horton Plaza • San Diego, California**

Be there, September 7-10, in beautiful San Diego, for the only conference designed for operations professionals by your operations peers!

That's right — this year's CUNA COO Council Conference is packed with energetic speakers and exceptional sessions that are structured to cover all aspects of your operational responsibilities. Evaluations indicate that networking and cross-pollination of effective solutions are the main reasons to attend a conference. So, your conference committee has worked hard to make sure you'll have a lot of great, interactive sessions in San Diego!

Plus, you'll enjoy another unique aspect this year — an entire day devoted to sales and quality practices geared towards leveraging your branch delivery channels! You can choose from sessions on sales, incentive programs, proactive relationship management, and more. This *conference within a conference* offers a great opportunity for branch managers to share best practices. For those interested in attending this one-day event, special pricing will be available.

And, you'll be able to learn from a panel of CEOs who will share career experiences and their secrets for ascending to the top. This session, on day three of the conference, will provide you with insight for working effectively with your CEO and how to make the next step in your career.

Best of all, you'll want to attend the pre-conference workshop, *How to Recruit, Select, Develop and Retain Sales and Service Employees Who Can Sell*. This workshop will be led by Dennis Graham, national sales manager, Schneider Sales Management, Englewood, Colorado. You'll definitely want to make sure you participate in this outstanding leadership and team-building exercise. ♦

Visit the COO Council web site at [www.cunacoocouncil.org](http://www.cunacoocouncil.org) for more information on this great conference, and to register online. We'll see you in San Diego!

*Brenda Dunbar, CUNA COO Council  
Communications Chair*

*Nader Moghaddam, CUNA COO Council  
Vice Chair*

ONLY CONFERENCE DESIGNED FOR OPERATIONS  
PROFESSIONALS BY YOUR OPERATIONS PEERS!



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## VOLUNTEER VISION

### Meet Phil Dzikowski



*In this column, your CUNA COO Council volunteers share their experiences and visions. It is our goal that this column serves as an introduction to you, our peers, and as a networking forum to discuss current operation issues and trends.*

Phil Dzikowski, 2003 membership

chair, says, "Credit unions put the personal touch to the 'banking' business and provide a level of service that is not available at other financial institutions. And, the CUNA COO Council is a great resource for all of us. With a whole host of benefits, like the listserv, you can research the pros & cons of operational situations through the vision of others that have been there."

Phil serves as senior vice president of Finance and Operations for Florida Telco Credit Union. He joined the credit union in 1975 and was the eighteenth employee. Now his responsibilities include overseeing branch operations for ten service centers, facilities maintenance, and the collection and accounting departments.

He is also a great ambassador for the credit union philosophy of *people helping people*. Phil

serves as president of a local volunteer organization in Jacksonville, Florida, the Esprit de Corps. This group helps many charitable organizations, like Hospice and Special Olympics, by doing a wide variety of volunteer work. Phil says, "Credit unions are committed to making a difference for their members and the communities they serve!"

His volunteer involvement doesn't stop there — as this year's membership chair, Phil tackles the challenge of sharing the word about the CUNA COO Council with enthusiasm. He joined the Council five years ago and believes the best advertising is word of mouth. He'll be the first to tell his peers about how great the COO Conference is each year.

In 2002, Phil participated in the OPS Challenge, a workshop at the annual conference, which included several days of challenging team-building activities. He says, "This was truly a unique experience that I hope all operations professionals have the chance to experience."

And, Phil will tell you the benefits of CUNA COO Council membership don't stop with a great conference. It's the ability to bounce operational issues off peers from all over the country that's truly invaluable. For more information on joining the CUNA COO Council, email Phil at [pdzikowski@mail.floridatelco.org](mailto:pdzikowski@mail.floridatelco.org) or call him at (904) 723-6349, ext. 1875. He'd love to share the CUNA COO Council story with you! ♦

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## Be part of a great team, join the CUNA COO Council!



Your council is focused on establishing the CUNA COO Council as the premier operations' organization for credit union professionals. If you are already a COO Council member now is the time to recruit

another member to be part of the driving force behind the COO Council's success. The more members you bring into the CUNA COO Council, the more opportunity we all have to network and learn from each other! So, refer an operational colleague today!

Remember — as a CUNA COO Council member you'll enjoy many exclusive benefits including

- abundant networking opportunities;

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- educational products specifically for credit union operations professionals;
  - discounts on CUNA products and services.
- The CUNA COO Council provides you with operational know-how for the ever-changing challenges of today's credit union environment. ♦

*Don't delay — be part of a great team and join now! For more information contact Philip Dzikowski, membership committee chair, at [pdzikowski@mail.floridatelco.org](mailto:pdzikowski@mail.floridatelco.org), (904) 720-1875; or Chris Lamb, membership committee co-chair, at [clamb@energyfirstcu.org](mailto:clamb@energyfirstcu.org), (323) 981-4025.*

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## NCUA proposes MBL rule changes

The National Credit Union Administration (NCUA) has issued a proposal amending the agency's Member Business Loan (MBL) rule. The NCUA decided to revise and clarify certain provisions that have caused confusion or created unnecessary regulatory burden. The NCUA will continue to be responsive to changes in the MBL marketplace, either by approving state-specific rules or considering future revisions to this rule.

The following are the significant proposed revisions to the MBL rule:

- **Loan participation** — Credit unions purchasing participation interests in MBLs made to credit union members need not count the purchase against the credit union's own limit under the amended rule.
- **Loans to credit unions and CUSOs** — The proposed rule would permit federally insured state-chartered credit unions to exclude loans to credit unions and CUSOs in calculating their aggregate MBL limit if the state supervisory authority determines that state law grants distinct authority to lend to credit unions and CUSOs separately from the authority to make MBLs.
- **Construction and development lending** — The revised rule would lower the mandatory equity requirements for construction and development loans by requiring a borrower to have a minimum of 25 percent, rather than 35 percent, equity interest in any construction or land development project.
- **Direct experience requirement** — The MBL rule requires credit unions to use the services of an individual with lending experience that is directly related to the type of MBLs the credit union offers. The proposed amendment provides that this individual must understand the complexity and risk exposure of the credit union's MBLs. In addition,

the proposal would clarify that a credit union would be allowed to obtain the services of a third party to meet the direct experience requirement of the rule if the third party has no interest or involvement in the MBL transaction.

- **MBL policy** — The current MBL rule requires the same documentation for every MBL, regardless of size, business or loan type. The revised rule would allow a credit union to adopt analysis and documentation requirements in its MBL policy that are appropriate for the type or types of MBLs the credit union intends to make.
- **Loan-to-value ratio** — The proposal would exclude MBLs made for the purchase of vehicles from the loan-to-value requirements if the vehicle is used for commercial purposes. The current MBL rule requires principals to provide their personal liability or guarantee on MBLs unless the credit union receives a waiver from its regional office; the proposal would remove that requirement. Credit unions would be permitted to make some unsecured MBLs under certain conditions, in addition to credit card line of credit programs offered to nonnatural person (for example, business entities such as corporations, LLCs, partnerships, or trusts) members, subject to certain limits.

To comment on these proposed MBL rule changes, visit [www.cuna.org](http://www.cuna.org) and click on Regulations/Compliance or email [regcomments@ncua.gov](mailto:regcomments@ncua.gov). You can also forward letters of comment to NCUA, c/o Becky Baker, Secretary of the Board, 1775 Duke St., Alexandria VA 22314-3428 or fax them to (703) 518-6319. ♦

*This article is courtesy of the Ohio Credit Union League.*

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## RESOURCES ROADMAP

If you come across a web site, phone number, training program, or publication that you think others may like to hear about, please pass along the information and we'll try to publish it in future editions. All web sites have been verified at the time of publication.

### [ecommerce.internet.com](http://ecommerce.internet.com)

*ecommerce-guide.com* with 100 percent of their content devoted to electronic commerce, this web site offers a great selection of independent information. Click on links for daily news, product guides, case studies, and more. You can also sign up to receive free technology newsletters.

### [www.ecommercetimes.com](http://www.ecommercetimes.com)

*Ecommercetimes.com* provides 24-hour e-business news and analysis. It is ranked repeatedly by *Forbes Magazine* as one of the top-ten tech news sites. You can review information on call centers, CRM, and preventing cyber crime.

### [www.business2.com](http://www.business2.com)

*Business2.com* describes itself as “the essential tool for navigating today’s relentlessly changing marketplace, particularly as it’s driven by the Internet and other technologies.” You can also research issues and network with other IT professionals.

### [www.efunds.com](http://www.efunds.com)

*E-funds.com* visit this website for information on a wide variety of issues, like how to fight debit card fraud and preventing identity theft. You can also access white papers on a host of current topics.

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## HEARD IT ON THE LISTSERV

A listserv is a tool for discussions among and between council members. Get up-to-the moment information, make requests, post challenges, and share your experience with other council members. You must be a CUNA COO Council member to gain access to the listserv. To join the listserv, click on the Community tab at the CUNA COO Council web site, then on Listserv, and follow the directions to subscribe.

This month’s hot topics and interesting conversations:

**Refinancing auto loans:** What are your policies on refinancing the credit union’s own auto loans? Do you assess a refinancing fee? Council members’ credit unions:

- allow refinancing only to a variable rate loan;
- allow members to refinance loans as long as

they have the equity in their vehicle to take a \$1,000 minimum advance. This credit union is considering charging \$50.00 or a 1 percent minimum for this service.

- try to stick to the letter of the contract. This credit union will finance without question if it is a new transaction such as a trade-in. However, in the event of a straight refinance, the credit union tries to have the member add some new money to the loan.
- charge a 1 percent fee when a member asks to refinance at a lower rate, to a maximum of \$250. If the member adds \$500 or more to the loan the credit union does not charge the fee.

**Closing an account:** Is a written request required to close an account when a member makes such a request over the phone? Council members respond:

- The account can be closed by telephone, but a check can only be mailed to one of the owners, only to the address of record, and only upon receiving a signed request by mail or fax. The credit union closes on the signature of a joint owner only if that person is joint on all open accounts under a given member number.
- Another credit union asks a series of questions to verify the identity of the person calling, but does not require a signed request.

**Address changes:** Is it a change in the contract if a credit union changes a member's address based on post office notification on the envelope? Council members respond:

- "We will not change an address based on a post office notice. We will change it with a signature that we can match with our electronic file. We do not require the member's presence."
- "We've changed the address based on the post office notification sticker for years, and have not had any issues."
- "We do not change address based on the post office notification. Once we receive a return envelope with a post office sticker, we mail a confirmation letter to the new address requesting an update to the address and signature."
- "We will change an address on an account only if we have the signature of the main account holder to verify. Any questionable signatures require a call back to the member. In the last several months, we have had two attempts of account takeover initiated by

a fraudulent address change request."

**Branch staffing:** How do you staff your branches during vacations, sick time, training, and other absences?

- One CUNA COO Council member's credit union combines vacation and sick leave in a personal leave accrual which accrues at different rates depending upon length of service. Branch managers develop their schedules at least a month in advance to note all days off and the rotating schedules for the branches that are open Saturdays. When branch staffing is short, staff from another branch covers for them.

**Time off:** How does your credit union compensate branch managers who work on Saturdays so that there is consistency among the branches? Members reply:

- "We give branch managers a half day off if scheduling allows."
- "Branch managers receive a full day off and they work nine hours the other four days of the week."
- "We give branch managers no scheduled time off. However, if they need a few hours they do take the time."
- "We have structured our branches with managers, branch supervisors and head tellers. The branch supervisor covers the branch when the manager is on vacation, is ill or has time off of any nature."
- "We pay the managers \$45 for working a Saturday. We have six branches and we open only one on Saturdays and rotate all employees." ♦

## Complying with the Soldiers' and Sailors' Civil Relief Act



The terrorist attacks on September 11, 2001. The creation of the Department of Homeland Security. The war in Afghanistan. The war in Iraq. The activation of reservists and the National Guard.

All of these events mean credit unions need to be familiar with the applicable provisions of the Soldiers' and Sailors' Civil Relief Act (SSCRA).

Congress enacted the SSCRA over 60 years ago in an effort to help those who were protecting our national interests by serving in the military. It provides various protections to those military personnel whose ability to meet financial obligations is materially affected by

their service. However, whether a service member's ability to repay obligations is materially affected is not a decision for the credit union to make. Only the courts can decide this issue. This means if one of your credit union members requests relief under the act, you should give it.

The primary provision of SSCRA that most credit unions need to consider is the reduction in the interest rate on any loans obtained prior to active duty. If a credit union member is entitled to protection under SSCRA, the act provides that your credit union must lower the interest rate on that member's outstanding loans to 6 percent. A key issue to recognize, however, is that this reduction in interest rate applies only to loans entered into prior to active duty. What does this mean?

Here's an example — if a credit union member, who is also a member of the Army Reserves, obtained a loan in February 2002 and receives orders to report for active duty starting in February 2003, he would be entitled to a reduction in the interest rate to 6 percent on that loan. The same holds true for a credit union member who obtains a loan and then enlists in the military. In addition, members of the National Guard who are activated under Federal service are also entitled to the reduction in interest rate. When you reduce the interest rate, you will need to recalculate the member's payment, based on the 6 percent rate.

For reservists and federalized National Guard members, the period of active duty begins when they receive orders to report for active duty and ends with the termination from active duty. Generally, a member's orders will include starting and termination dates. If your credit union member is activated, you may request a copy of the activation orders, so that you will know how long to keep the interest

rate at 6 percent. However, you cannot refuse to lower the interest rate if the member does not provide evidence of active duty status.

Remember though, the interest rate reduction applies only to loans obtained prior to active duty. If a service member/reservist obtains a loan while on active duty, that person is not entitled to the reduction in interest rate. In addition, the reduced interest rate does not apply to new advances under a home equity line of credit, credit card plan, or other open-end line of credit plans. The member will be responsible for repaying any new advances taken while on active duty at the original contract rate. This may prove troublesome for some data processing systems, so check with your data processing vendor to determine the best way to handle this situation.

There are several additional issues regarding compliance with SSCRA that time and space do not allow to be addressed, issues such as repossession and foreclosure, recapturing lost interest, restoration of original contract rate of interest, Truth-In-Lending change-in-terms issues, and other topics.

CUNA Center for Professional Development's RegTracC Module 3 — Consumer Lending Regulations; your state league; CUNA's E-Guide; and CUNA Center for Professional Development's publication, the newly-revised *Soldiers' and Sailors' Civil Relief Act — A Compliance Guide*, 3rd edition are excellent resources for more detailed information about SSCRA. ♦

*Reprinted with permission from The RegTraConnection, Spring, 2003. Complying with the Soldiers' and Sailors' Civil Relief Act*  
By Kristen Tatlock  
Director Research and Information  
Virginia Credit Union League

## White paper on branch evolution available now!

### Branch Evolution: Automation, Self-Service Strategies, Cross-Selling, and More

by Darla Dernovsek

Some experts once predicted that branches were headed for extinction. Instead, branches are evolving to assume a new form and function. Credit unions are pairing technology with strategic objectives to significantly improve operations in three ways:

- **Increased efficiency** — The use of automation and self-service electronic delivery chan-

nels at the branch allows each credit union employee to serve more members. These strategies can also enhance the



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effectiveness of the cost of shared branch facilities, which further increase members' access to credit union services.

- **Opportunities for cross selling** — Eliminating branch employees is rarely the goal of branch technology projects. Instead, branch technology projects reduce the number of employees required for routine transactions, which frees the branch staff to concentrate on cross-selling loans, mortgages, and other services.
- **Promotion of self-service delivery channels** — Employees can suggest the benefits of self-service by introducing members to kiosks, ATMs, telephone services, online banking, and other electronic delivery channels. This makes members more likely to use self-service channels in the future, while

freeing branch employees to focus on increasing profits through cross-selling.

Achieving these goals requires more than simply investing in technology. To achieve the full benefits of branch technology, credit unions must redesign the branch to combine self-service functions with opportunities for cross selling.

At the same time, the credit union must create a sales and service culture, including changing the way that branch employees are trained and rewarded.

Credit unions that successfully complete branch technology projects report increases in electronic transactions, deeper and more profitable member relationships, and more efficient operations. ♦

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## The Point debuts

CUNA's online information tool has been renamed. In a grand opening on April 28, the former *CU Executive Center* was upgraded to *The Point for CU Research and Advice*.

Revamped content includes:

- in-depth articles with analysis and perspective;
- best practices;
- advanced search tools for operational questions;

- extensive archives for historical information;
- peer-group analysis;
- state-by-state rate comparisons for pricing decisions;
- live chats. ♦

*Credit unions that don't already get The Point can go to [cucenter.cuna.org/free\\_trial.html](http://cucenter.cuna.org/free_trial.html) to try it out in a free 30-day trial subscription.*



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## Tie member satisfaction surveys to national norms

Many credit unions conduct member satisfaction surveys, but without a standard against which to compare the results these surveys can be difficult to interpret. NCUA examinations and CAMEL ratings likewise fall short of an overall evaluation of member satisfaction, since they focus specifically on safety and soundness issues.

The Filene Research Institute offers a second edition of its national member satisfaction research, *Membership Satisfaction Levels: National Norms for Comparing Local Survey Results*. The survey provides member satisfaction scores on a number of questions based on

a national random sample of members. By including questions from the national survey in their own member surveys, credit unions can benchmark results against national scores. The result is a more objective grade of member satisfaction.

Filene researchers developed a set of questions to accomplish the following:

- Provide member evaluations of credit union services, procedures, and personnel.
- Measure the extent to which members choose their credit union as their primary financial institution (PFI).
- Investigate the extent to which members

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would recommend their credit union to a friend.

- Identify the importance that the cooperative nature of credit unions has on member decisions to conduct business with a credit union.

For an accurate comparison to national

norms, researchers suggest that credit unions use the full set of questions included in the national study, use them in the same sequence, and use the same rating scales. If a credit union wishes to ask additional questions, those questions should be added to the end of the questionnaire. ♦

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## WELCOME NEW MEMBERS

The CUNA COO Council has added a total of fourteen new members to its roster. By joining their colleagues on the council, these individuals have demonstrated their commitment to

developing superior professional skills. In addition, they join others in networking for the free exchange of ideas and improving the overall effectiveness of their credit union's operations.

**Tom Alter**  
Executive VP  
USA FCU  
Troy, MI

**Tamela Bartlett**  
Operations Director  
SPE FCU  
State College, PA

**Edward Blewitt**  
Chief Operating Officer  
Boeing Helicopters CU  
Ridley Park, PA

**Joanne Booser**  
VP Operations  
Alcoa ECCU  
Bettendorf, IA

**Cynthia Burulia**  
VP of Operations  
Raritan Bay FCU  
Sayreville, NJ

**Anna Copello**  
VP-Operations  
Coca Cola CFFCU  
Atlanta, GA

**Tom Peter**  
VP Member Services  
USC CU  
Los Angeles, CA

**Kelly Plieness**  
Financial Services Director  
Colorado FCU  
Grand Junction, CO

**Evelyn Polando**  
Chief Operations Officer  
U Of C FCU  
Boulder, CO

**Frank Richter**  
VP Operations  
Municipal ECU of  
Baltimore Inc  
Baltimore, MD

**Lin Standke**  
Instructional Design Mgr  
CUNA & Affiliates  
Madison, WI

**Kelly Thomason**  
Chief Operations Officer  
NuMark CU  
Joliet, IL

**Lori Verbrugge**  
Chief Operations Officer  
MidWest Financial CU  
Ann Arbor, MI

**Carolyn Young**  
VP Operational Support  
Kitsap Community FCU  
Bremerton, WA



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*Solutions* is a web-based newsletter published quarterly by the CUNA Chief Operations Officer Council at [www.cunacoocouncil.org](http://www.cunacoocouncil.org). Send news and COO Council information to Cheryl Sorenson, manager of CUNA Councils, at 1-800-356-9655, extension 4393 or e-mail at [csorenson@cuna.com](mailto:csorenson@cuna.com).

