

MEMBER

APRIL 2010
VOLUME 6 : ISSUE 1

Vision

FOCUS ON SOUTHEAST CREDIT UNIONS

**THE NEW NOW!
Cooperation Thrives**

The Economy Begins to Cooperate

**Sharing Automated Payments
Know How**

SOUTHEAST  CORPORATE



SOUTHEAST CORPORATE

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Jerry Maughon,
Okaloosa County Teachers FCU

SENIOR MANAGEMENT

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Executive Vice President
Rob Schleiter, ext. 4043

SVP, Chief Investment Officer
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SVP, Chief Operations Officer
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SVP, Chief Technology Officer
Jim Horlacher, ext. 6930

SVP, Sales & Marketing
Sandy Baker, ext. 6810

SVP, Business Services
Jim Gallagher, ext. 4080

VP, Legal Counsel
John Alford, ext. 4025

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www.secorp.org

Member Vision is designed, produced
and printed at Southeast Corporate

UPCOMING EVENTS

APRIL

April 14, 2010
Member\$MART Overview
9:30 a.m. – 11:00 a.m. EDT

April 15, 2010
APEX-ACH Returns webinar
9:30 a.m. – 11:00 a.m. EDT

April 29, 2010
Identifying and Managing Origination Risk
9:30 a.m. – 11:00 a.m. EDT

MAY

May 12, 2010
Quarterly Investment Webinar
11:00 a.m. – 12 noon EDT

May 26, 2010
Select Employee Group Administration Webinar
9:30 a.m. – 10:30 a.m. EDT

May 27, 2010
ACH Basics
9:30 a.m. – 10:30 a.m. EDT

*For more information and to register for the webinars and workshops listed here go to:
www.secorp.org.*

RESOURCES FOR MEMBERS:

Southeast Corporate
(800) 342-0203

Member Services
Option 1

Investments & Loans
Option 2

Product Support
Option 3

Sales & Marketing
Sandy Baker, SVP, ext. 6810

**Member Relationship
Managers**

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Gisli Magnusson, ext. 6813
Bill Stewart, ext. 6816
Art Wood IV, ext. 6815

Payment Systems
Kay Moon, SVP, ext. 6900

Consulting Services

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Business Continuity
Ken Schroeder, ext. 4069

MemberGuard
Barry Kouns, ext. 6860

Chief Investment Officer
Greg Wirthmann, SVP, ext. 4060

Financial Strategists
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Tanya DeVleiger, ext. 4065

Accolade Investment Advisory
Peter Gibson, Director, ext. 4070
(866) 537-7302

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Member Business Solutions
Jim Gallagher, SVP, ext. 4080
(888) 627-7881

In this issue Southeast Corporate President & CEO Brad Miller

A Future Based on Cooperation and Collaboration

In my short time at Southeast Corporate I have had the opportunity to meet many members across our region and I have heard one thing loud and clear, our members want and need change. I agree and therefore we must adapt and evolve to meet the dynamics of the new corporate regulation, NCUA's plan for legacy assets, and a structure our member credit unions will support.

Cooperation and collaboration have been at the heart of credit union success since the beginning. I believe that in order to be successful going forward, we must get back to a system focused on cooperation and partnership with system organizations - corporates, leagues, CUSOs, and others who serve credit unions well.

At Southeast Corporate, we have been working on plans for a new business model that addresses the challenges of the existing environment and builds sustaining strategic value for our members and the credit union system as a whole. In this new model, existing infrastructure, systems, and expertise are leveraged across the corporate system in order to gain efficiencies, provide best of breed products and services, limit risk, and maintain local member support. This developing business model maintains the focus of being responsive to and supportive of the evolving business needs of credit unions.

Cooperation minimizes costs. At the same time, collaboration will expand our product offerings and provide greater value to our members. Some level of consolidation is likely part of the equation, but not necessarily the whole answer.

Our plan is a well formed concept but not a final model. Over the coming months we will continue to refine our business model as the new corporate rule and other factors come into play, shaping the future. We need member input and support to be successful. This starts with listening to the credit unions who own us. We'll be reaching out to members for your input and ideas and after we listen, we'll translate what we've learned into action that becomes part of our strategic plan and management responsibility.

We are energized by this great opportunity and cognizant of the challenges that come with such endeavors. Cooperation and collaboration were at the core of what made corporates successful in the past. Looking forward and applying lessons learned, these principles can once again power us forward along with changes to our business model. I believe this plan best positions us to help you in serving your members within a trusted and efficient cooperative system. I look forward to your input and appreciate your continued support.



Brad L Miller
President & CEO

Spotlight on information of importance to our members.

Important Reminder - Please Check FTP and Firewall Settings in Advance of Southeast Disaster Testing in April/May

Southeast Corporate will be conducting Disaster Recovery (DR) testing between April 24 and May 22. In advance of these upcoming exercises, it is important that you check your FTP and outgoing firewall settings to ensure that you are using our DNS name in transmissions to Southeast Corporate. DNS address information is posted in the secure Members Only area of our web site.

It is IMPORTANT that you make these changes IN ADVANCE, prior to April 24 or certain applications may not be available to you when testing is performed. For questions or if you need assistance please contact our information technology staff at 800-342-0202, ext. 4357.

Dates for our 2010 Disaster Recovery testing are as follows:

Dry Run Test, Saturday, April 24, 12:00 a.m. - 11:59 p.m. EDT - We will conduct a dry run of our DR systems. During this time, you may experience intermittent latency issues when trying to access our web site and application links. However there will not be any extended period of downtime during this event.

Full DR Test, Thursday, May 20, 11:00 p.m. - Saturday, May 22 11:59 p.m. EDT - We will conduct a full DR exercise and run on our backup systems throughout the business day on Friday, May 21. During this time you may experience periods of latency in accessing our applications. We do not expect any down time.

If you have technical issues or questions during the two events listed above, please first consult your internal IT or technical staff. If you do not have an on-site technical resource, please contact us at 1-800-342-0203, ext. 4357.

Seeking IT and Operations Email Contacts

During 2010, Southeast Corporate will be conducting projects involving our disaster recovery plan and Multi Factor Authentication. It will be helpful for us to be able to contact your credit union Information Technology and Operations staff directly to announce changes taking place within our IT network or operating systems. Email is now one of our primary means of member communication. Please encourage your staff in these areas to sign up to receive important communications from us. You can sign up in our password protected Members only area of our website at www.secCorp.org, or send an email with your name, email address and job title to us at communications@secCorp.org. In addition, we welcome the opportunity to get email addresses of all key contacts at your credit union.

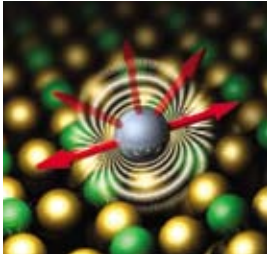
Southeast Corporate Employee Wins National Award

The Help Desk Institute has presented its National Analyst of the Year award to Michael Yon, a Southeast Corporate operations and support specialist. Winners were announced at the recent Help Desk Institute (HDI) international annual conference in Orlando where Michael was honored. HDI is the world's largest membership association for information technology service and support professionals and the premier certification body for the industry. This coveted award is given to the service desk professional that demonstrates outstanding customer service and knowledge of best practices in the service desk industry. Michael's quest for the national honor began when he won his local HDI Chapter's Analyst of the Year for 2009 and went on to win again at the regional level. The competition includes winners from regions across both the U.S. and Canada.



L. to R., Charlene Bates, Southeast Corporate Director of IT Operations & Service Delivery, HDI National Analyst of the Year Michael Yon, and Southeast's Jim Horlacher S.V.P. Chief Technology Officer.

Michael has been with Southeast Corporate since 2003. As part of the service desk operations team, which is based in Jacksonville, he is the sole information technology support professional at Southeast's corporate headquarters in Tallahassee, FL. He manages a wide variety of support from network infrastructure to telecommunications. Michael provides break-fix support to more than 650 remote credit union branches. He also supports users in a high stress, high expectation environment from the CEO to the front line staff. Michael is a certified HDI Service Desk Technician, Microsoft Certified Systems Engineer (MCSE) and a ComptIA A+ and Network+ Certified Professional.



Sharing Automated Payments Know How

By Marjorie LaPorte, Marketing Supervisor

In today's market it is imperative for credit unions to offer electronic payments through the Automated Clearing House (ACH) network. By harnessing the power of ACH, credit unions can reduce costs by originating business payments and loans, while increasing revenue by retaining and attracting new members and growing Select Employee Groups (SEG) and business accounts. While 99% of financial institutions receive ACH transactions, the need for an origination solution continues to grow. ACH payments adopted long ago by large businesses have tended to filter to small and mid-sized businesses. If your credit union is not presently using ACH, you'll be happy to know that Southeast Corporate makes getting started easy! Our implementation process ensures a safe and sound transition to your specific ACH solution. Working cooperatively with you – our Member Relationship Managers and Product Support teams are here to get you trained and operational and will continue to assist with any questions you may have.

With ACH, your members will find that direct payment takes the worry and hassle out of making loan payments and your SEGs will appreciate the opportunity to automate their payrolls and vendor payments.

We assist every step of the way. Southeast Corporate's ACH Origination and Receipt platform is offered to our members through the Automated Payment Exchange (APEX) platform.

IBM CU of Boca Raton, FL has been using APEX since 2004 and they feel the product has helped them to increase and retain members. "Through ACH services, we are able to provide our members with an easier, faster and more convenient way of making payments. Our members are offered various payment options such as telephone initiated entries, Internet initiated entries, prearranged payment or deposits, and one time and recurring payments," said Regina Clarin, AAP, Electronic & Optical Processing Manager for IBM. "APEX has been beneficial for our business members as well," added Regina. "We have had several business members looking for alternatives to stop writing and receiving checks due to the high risk of fraud and increasing costs. ACH Origination has been a great service to offer, and APEX makes it efficient and effective."

In addition, APEX has helped IBM become more accurate in their day to day operational tasks at the credit union. According to Regina, "With the ABA look up, we can quickly validate routing numbers. The templates feature allows us to house recurring transactions automating the payment process. The ACH file transfer allows us to import an ACH file or formatted spreadsheet from another source avoiding

manual file creation. The dual control functions and dollar limits provide a secure environment, minimizing operational and fraud risks."

Another Southeast member credit union that we helped become successful with APEX is Hospital System CU in Pascagoula, MS. They've been using APEX for over five years. Hospital System's Electronic Funds Transfer Coordinator, Jessica Williams states, "I find the APEX platform to be very user friendly and if I do have a question, I go to my electronic workbook or call Steve Jones at Southeast. Steve knows me very well because I've had to call him a lot – especially when I was first learning APEX. Steve is very patient and is a wealth of information. He is able to figure out answers to my problems and communicate solutions very effectively," said Jessica. Hospital System CU uses APEX for origination and returns. "Each morning I check my returns report for rejected payments and decide whether to cover the payment or return it," said Jessica.

With origination, the credit union utilizes ACH for their members' single and recurring payments on loans and bills as well as

for fund transfers. "Through APEX – we are able to provide payment solutions that our members want with a very efficient process," added Jessica.

Additionally, potential growth exists in the global market with the recent emphasis on international ACH transactions (IAT) and specifically with Southeast's recent offering of Directo a Mexico. An ACH solution is one way to strengthen existing relationships as well as attract and retain new members. Your use of the ACH network can provide you with the competitive advantage you need in today's competitive market.

In an effort to provide convenient, on-going training, Southeast Corporate holds several free webinars on a monthly basis to walk you through the ACH process. This includes everything from ACH Basics to APEX-ACH Origination to APEX-ACH Returns and SEG Administration. The webinars have been a good resource for Hospital System CU as Jessica Williams explains. "I've attended almost every APEX webinar offered by Southeast and I always learn a new feature or time-saving tips, enabling me to be more effective in my job."

Because we're here to help, you'll find getting started with ACH is easier than you think. Let Southeast Corporate show you the many value-added opportunities that await your members through the power of ACH. For more information on APEX, contact your Member Relationship Manager at 800-342-0203. ☎



The Economy Begins to Cooperate

As of March 26, 2010

By Gregory Wirthmann, CFA, SVP/Chief Investment Officer

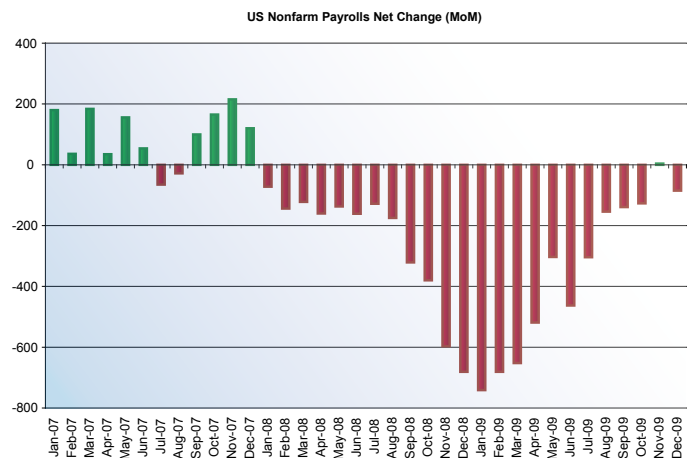
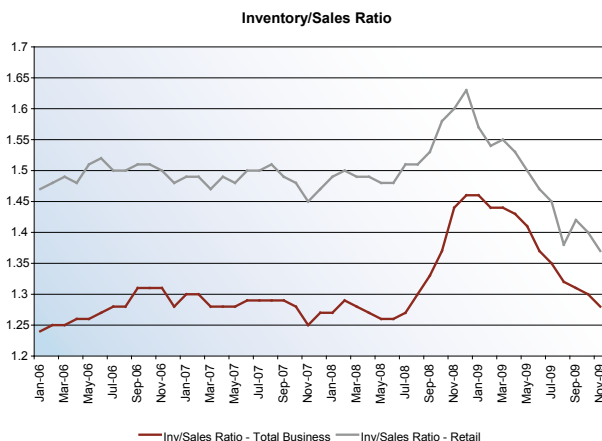
The U.S. economy grew at a surprising 5.6% rate during the fourth quarter of 2009 as measured by the gross domestic product, which measures the total amount of goods and services produced in the country. This is a welcomed improvement over the reduction in output that occurred during the recession and follows a 2.2% increase in the gross domestic product during the third quarter of 2009. Although GDP measures output, one should recall that in macroeconomic theory, output is equal to income. Therefore as GDP fell by 14.4% during the recessionary four quarters ending June 30, 2009, it had the impact of reducing the collective income in the United States by that same amount.

Private domestic investment drove approximately three-quarters of the increase in GDP during the quarter representing investment in residential building and business investment in plant, equipment, software and other items. Also included in the category are business inventories, which drove a lot of the decline in GDP the past several years but benefitted the most recent quarter's data. At Southeast Corporate we have watched inventories very closely because they represent an interesting dynamic in terms of interpreting the GDP data. A reduction in inventory levels in a particular quarter will reduce that quarter's GDP because the goods being sold during the inventory depletion process were produced during a prior quarter. Although this will reduce GDP for that particular quarter, it bodes well for future quarters as these inventories will likely need to be replenished, increasing production. During the most recent quarter, inventories accounted for a large portion of the gain in GDP, simply because they fell by a lower amount (\$24 billion versus \$156 billion). This is extremely encouraging in that the economy expanded by the fastest pace in over six years yet we still have not seen the inventory replenishment process begin.

Comparing sales to the country's inventory level further demonstrates that inventories will have to increase. On the graph below, one can see that the ratio of inventory to sales

has declined from a cycle high of 1.46 to 1.26 in December. This implies that the reduction in inventories has substantially exceeded the decline in retail sales and that business exceeded the necessary adjustment. This ratio has improved both because of the aforementioned decrease in inventories but also because of the 3.9% rise in retail sales that has occurred over the course of the last year.

The most dour portion of the economy continues to be the labor markets. This is typical for the early stages of a recovery as the labor markets are a notoriously lagging indicator. During the onset of a recession companies will wait to reduce their work force because they do not wish to be at a competitive disadvantage. Similarly during the early stages of a recovery, companies will wait until they are certain the demand has increased sufficiently and is sustainable enough to justify re-hiring workers. Note that in the previous recession, GDP growth became positive beginning in the third quarter of 2001 but non-farm payrolls did not demonstrate a monthly increase until June 2002 and even then it was sporadic for some time thereafter. Although the labor market has not recovered, the rate of deterioration is at least subsiding. For example, in February the economy lost 36,000 jobs, a far cry from the 779,000 jobs lost in January. In fact had it not been for the snowstorm that enveloped the northeast in February and served to skew the data downward, it is likely that the economy would have experienced mild job growth during the month. It does appear that the economy will report job growth during the month of March. This will happen for two reasons, the catch-up in the data relating to the aforementioned snowstorms, and due to the acceleration in the hiring of census workers, which according to the GAO, will ultimately employ 660,000 people. Although the labor markets will have a long way to go in recovering the 8.5 million jobs that were lost in the last 26 months (in fact it will probably take several cycles), the job market is about to turn the corner and begin this arduous process. Ⓞ



ASSISTANCE
CONTACT
ADVICE
EXPERTISE
SERVICE
KNOWLEDGE
RESPONSE
ANSWERS
PEOPLE
HELP
PRO
CARE
SUPPORT

Serving Credit Unions Every Day in Every Way

By: Craig D. Hauger, Director of Marketing Design & Technology

Day in and day out, Southeast's front-line member support team is here and ready to help your credit union no matter what the need. With more than fifty combined years of financial service experience, Southeast Corporate's member support team provides a dedicated personal service for all our members. Our member support team includes member service, research adjustment, cash and reconciliation staff.

They can be described as being Alive (ready to serve your needs), Awake (listening closely to better serve you), Alert (helping you eliminate any potential problems), and Enthusiastic (providing you the best member experience). When a credit union member calls they will receive a friendly greeting from a member of our support staff, "Thank you for calling Southeast Corporate. How may I help you?" They will intently listen to you, which is the beginning of the support process. The team is here to help you with any questions you may have about your account which may include internal balancing issues; providing copies of statements, invoices or adjustment details; preparing and processing cash orders; and if necessary, directing you to specialists within Southeast Corporate with specific skills and experience to provide you the answers you need in a timely manner.

Member support can assist credit unions that may have emergency needs. A credit union recently had one of its members lose their wallet, credit cards, cash, ID... basically everything – while traveling abroad. Southeast's member support was able to save the day by expediting a Western Union Quick Cash payment and the credit union member was able to enjoy the rest of their vacation overseas. Another credit union was robbed and needed cash in order to reopen their doors. A member of our support team was able to work with them to get an emergency cash order filled and delivered the next day.

We can help with your internal balancing issues. Whether it is a question of submitting share draft adjustments, returning an item, or correcting branch capture differences, we have qualified members of our support team who can help.

Credit unions are growing their service to the Latino market. Therefore it is also critical to be able to provide credit unions support in Spanish. We have members in Puerto Rico and other areas where English is not the primary language. When a member calls and requests assistance in Spanish, we have bilingual staff to help.

We will keep the light on for you. One afternoon a credit union member discovered, they had not sent a needed wire to their Fed account and it was past 5:00 p.m. Faced with the possibility of being overdrawn the member called in and asked for help. Our member support team in conjunction with the wire room stayed late to manually create the member's wire, helping this member to avoid a significant penalty.

We help make foreign currency exchange easy. A credit union's member had just returned from an overseas trip with money from three different countries. The member entered the branch to ask if the credit union could exchange the currency for dollars. The credit union's staff at the branch was unsure what they could do. Fortunately, they called Southeast's member support team and we helped the credit union submit the currency for credit in U.S. Dollars. Credit was given for the foreign currency and notification was sent to the credit union detailing the amount and exchange rate used.

Whether it is helping you with a question or issue our member support staff will ensure you get the answers your credit union needs. Our staff is our greatest resource and we are here to provide you with the full range of member service designed to meet your individual needs. You won't get an automated self-serve machine when you call Southeast; you will get a member support representative that is friendly, dedicated, and happy to serve your credit union. Our member support truly embodies the base of all credit union philosophy, "People Helping People." ☺

Service You Can Use

- Account/Balance Inquiries and Transfers
- Research for Share Draft Inclearings and Branch Capture Deposits
- Domestic & International Wires
- Foreign Currency Purchase and Conversion
- Assist Users With Balancing Issues (Transaction Postings, Cash, and Adjustments)
- Safekeeping Services
- Foreign Check Settlement Processing
- Provide Copies of Statements and Billings
- Prepare and Process Cash Order and Shipment Requests
- Western Union Quick Cash Payments in U.S. and Abroad
- Assist with All Other Requests

Member Business Solutions' (MBS) 3rd Annual Credit Union Small Business Summit is taking place August 4-5, 2010 at the Hilton Atlanta Airport.

Watch for more information coming soon about this exciting conference for credit unions who are already offering business lending and for those who are considering it. MBS is now in its sixth year of operation with over \$1 billion loans underwritten, and is a CUSO owned by Southeast Corporate and Georgia Central corporate credit unions.

CU Small Business
SUMMIT
Save the Date!

Wednesday, August 4-5, 2010

Hilton Atlanta Airport



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