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Media Advisory

FOR IMMEDIATE RELEASE

Hood Promotes Risk Mitigation to Firefighter Summit: "You Truly Know the Meaning of Risk"

October 20, 2008, Alexandria, Va. -- National Credit Union Administration (NCUA) Vice Chairman Rodney E. Hood addressed the Firefighters National Credit Union Summit in Miami, Fla., October 17, 2008. With unprecedented challenges in today's marketplace, Mr. Hood called on credit unions to be part of the solution to our current economic crisis. Hood sent a clear message of trust and confidence in America's credit union system as he reassured attendees of his dedication and commitment to oversight and regulation of the credit union industry.

"As firefighters, you are all heroes in your local communities – putting others lives before your own," Vice Chairman Hood said. "Your bravery leaves an indelible mark on the communities you serve and we are all grateful for the risks you take to preserve our security. I also want to congratulate you on formation of the new Coalition of Firefighters Credit Unions (CFCU)...I am thrilled to see such a proactive, innovative effort."

Firefighters' evaluate risk on a daily basis – making immediate, yet measured decisions is a job requirement. Such standards can and should be applied to decision making in the financial arena as well. Mr. Hood reassured the attendees that the credit union system remains secure during these turbulent economic times.

"With an average net-worth of 11.04 percent representing over \$89.6 billion, you continue to provide your member-owners with access to affordable capital," Hood said as he outlined strategic steps NCUA is taking to preserve confidence and proactively mitigate risk:

- National advertising campaign on credit union insurance protection
- NCUA call center devoted to fielding sharing insurance questions.

- Credit union inclusion in the Emergency Economic Stabilization Act
- Attention to proactive risk management through a new risk focused examination.

President George Bush recently signed into law the “Emergency Economic Stabilization Act, which temporarily increases federal deposit insurance coverage. The law provided an immediate increase in minimum NCUSIF coverage from \$100,000 to \$250,000 on member share accounts through December 31, 2009.

NCUA launched an advertising campaign featuring Uncle Sam in the national news media to inform member owners that their funds are safe.

“In the midst of financial market turbulence, it is imperative that credit union member owners know that their federally insured share accounts are insured and backed by the full faith and credit of the United States Government,” Hood said.

In addition to raising the level of coverage on share deposits, the Emergency Economic Stabilization Act of 2008 raised the Central Liquidity Facility (CLF) borrowing cap to \$41.5 billion from \$1.5 billion, and further allows NCUA to act in a consultative role with other regulators in determining how the Troubled Asset Purchasing Program (TARP) will work.

“This enables NCUA to have input on the rules under which assets are accepted by the federal government - greatly assisting NCUA in mitigating some of the current and potential difficulties facing the credit union industry,” Mr. Hood assured the audience. “Further, the NCUA Board recently adopted changes to simplify the rule determining the coverage on revocable trust accounts – commonly referred to as payable-on-death accounts or living trust accounts. This rule change eliminates the concept of qualifying beneficiaries...coverage is based on the naming of virtually any beneficiary.”

“We need everyone to work toward a common goal of creating a safe, secure financial industry for the entire Nation,” Mr. Hood said in closing. “Ronald Reagan emphasized that America is a shining city upon a hill. A hill where beacon lights guide freedom loving people from everywhere...ladies and gentlemen, it is my firm belief that the city upon a hill was built on the shoulders of our firefighters. You are indeed the cornerstone upon which that great American City is built and I am honored to have had the opportunity to join you today.”

The National Credit Union Administration is the independent federal agency that regulates, charters and supervises federal credit unions. NCUA, with the backing of the full faith and credit of the U.S. government, also operates and manages the National Credit Union Share Insurance Fund (NCUSIF), insuring the deposits of over 89 million account holders in all federal credit unions and the majority of state-chartered credit unions.

