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Media Advisory

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Hood Touts Credit Union Capabilities to The Alliance For Economic Inclusion (AEI)

May 21, 2008, Alexandria, VA - National Credit Union Administration (NCUA) Vice Chairman Rodney E. Hood addressed a General Forum organized by the Boston and Worcester Alliances for Economic Inclusion (AEI) at Brandeis University in Boston, MA. Focusing on the current economic climate, Hood highlighted ways to avoid predatory lending – specifically concentrating on credit unions and other financial services organizations that are implementing practices to better serve the underserved and unbanked.

The Vice Chairman opened by applauding both the Boston and Worcester AEI for taking steps to protect society's low-to-moderate income consumers and to improve the low-wealth communities. "Such a forum demonstrates a very proactive approach and allows people to gain from shared knowledge," said Hood. He also thanked Dan Eagen, President of the Massachusetts, Rhode Island, and New Hampshire Credit Union Leagues, and Mary Ann Clancy, SVP and General Council of the Massachusetts Credit Union League, Inc. as well as several local credit unions for their attendance and participation with the AEI.

Recognizing the staggering amount of unbanked and underserved people living in the United States today, the Vice Chairman stressed the importance of fostering relationships with government-insured depository institutions with the means to provide such individuals the opportunity to save, borrow, invest, and build solid credit files which would enable them to join the financial mainstream. "I deeply believe that America is only as strong as her weakest community. Credit unions, much like banks, play a pivotal role in providing hardworking people access to affordable financial products – the products they need to achieve and sustain the American dream of homeownership; the products to create small, viable businesses; and the products to send children to college and save for their families future," said Mr. Hood.

Hood acknowledged the elevated danger of predatory lending in today's society given the current economic climate, and let the audience know that credit unions are working diligently to combat this problem. In particular, he emphasized the

function of the NCUA Office of Small Credit Union Initiatives which offers assistance in such ways as:

- Assistance in Community Development Initiatives
- Grants and loans at 1% interest
- Student internships
- Volunteer income tax assistance with IRS
- Building internal capacity
- Economic development specialists

“The overarching theme to all of the products offered is that they are affordable and that there is a component of financial education and asset building. It is especially important that we teach underserved consumers how to differentiate mainstream lenders from fringe lenders – this to me serves as both education and protection. In addition to educating members/consumers about payday loans, it is also important that we look at various unscrupulous mortgage lending practices,” said Hood.

Underscoring the importance of working together, Hood stated that credit unions are also creating partnerships with other results-oriented partners such as Operation Hope, the Federal Home Loan Bank, HUD, the Department of Treasury CDFI, and the IRS. “As we all diligently examine financial products and services to reach the inbanked, it is imperative that financial regulators and stakeholders work together in crafting user-friendly and flexible policies that do not produce any unintended consequences for banks, credit unions, and the very group we are trying to protect – those individuals who rely on all of us to help them achieve economic empowerment.”

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 87 million account holders in all federal credit unions and the majority of state-chartered credit unions.