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FOR IMMEDIATE RELEASE

Vice Chairman Hood Provides Oregon League With A Credit Union Market Update

December 16, 2008, Alexandria, Va. – National Credit Union Administration (NCUA) Vice Chairman Rodney E. Hood participated in a Town Hall Meeting yesterday at First Tech Credit Union in Beaverton, Oregon. Hosted by the Credit Union Association of Oregon the event was held to discuss the affect of recent federal stimulus actions, and how the future regulatory environment will evolve in response to the changing economy.

Mr. Hood opened by thanking Troy Stang, President of the Credit Union Association of Oregon for organizing this event. “During these times of economic uncertainty, I feel that an event such as this is critical in order to educate the credit union community. I hope that other credit union league’s throughout the country follow your lead and take a proactive approach to financial literacy – particularly as it relates to the changes that are taking place within our financial arena today,” said Hood.

Touching on the strategic steps NCUA is taking to preserve confidence in America’s credit union system, the Vice Chairman touted the recently unveiled homeowners and credit union assistance programs. The Credit Union Homeowners Affordability Relief Program (CU HARP) was made public in November; and a complimentary program, the Credit Union System Investment Program (CU SIP), was more recently revealed to provide contingent liquidity for the credit union system.

CU HARP will be available only for existing first mortgages held by a participating credit union or originated and serviced by a participating credit union. CU SIP is designed to compliment CU HARP by enabling the CLF to lend to credit unions to invest in NCUSIF guaranteed notes, the proceeds of which will be used to retire external system debt. The program will free collateral pledged by corporate credit unions and thereby provide increased contingent borrowing capacity.

Neither CU HARP nor CU SIP will cost the taxpayers. Credit unions will repay CLF

with interest and each CLF advance will be fully secured by a NCUSIF guaranteed CU HARP Note or CU SIP Note, plus a first priority security interest in other assets of participating credit unions.

For further details about these new programs, Hood referred attendees to the NCUA website where the following links are located: Access CU HARP and CU SIP term sheets online at: [ATTACHMENT 1](#) and [ATTACHMENT 2](#)

Access CU HARP and CU SIP Diagrams at: [harp diagram](#) and [sip diagram](#).

Providing his perspective as a regulator, the Vice Chairman noted the importance of fully adopting Enterprise Risk Management (ERM) as the best strategy to prepare for the new risk-based exams. NCUA has developed a new exam which focuses on the following seven areas of risk: credit, interest rate, liquidity, strategic, transaction, compliance, and reputation. "The overall goal of the Risk Focused Exam is not to play 'gotcha'; but rather, it is designed to be a collaborative and consultative process," said Mr. Hood.

Vice Chairman Hood has been a leading advocate of ERM. "A key priority of mine as a regulator is to focus on maintaining the safety and soundness of America's credit unions while encouraging economic growth and opportunity for their members. Managing risks successfully, not simply avoiding them, is essential in accomplishing this mission particularly during the current economic climate. I believe that a successful ERM process can build confidence in the credit union system...it can help proactively address the myriad of challenges in the financial services industry."

To that end, Hood informed attendees of his 2009 Risk Mitigation Summit being held at the Federal Reserve Bank of Atlanta on February 19, 2009. The free, one-day event will highlight the latest trends in risk management and analysis from both an operational and oversight perspective. Top leaders from both government and industry will address innovative techniques for risk mitigation. The upcoming Summit will gather proven leaders in the financial services arena who will share a dialogue on the most current and effective tools for credit unions of all asset levels to manage risks while empowering their members.

In closing, Hood reiterated the importance of having faith and confidence in the credit union industry. "We need everyone to work toward a safe and common goal of creating a safe and secure financial industry for the entire Nation. The challenges ahead are many, but so too are the opportunities for you to demonstrate the credit union philosophy of People Helping People.

The National Credit Union Administration charters and supervises federal credit unions. NCUA, with the backing of the full faith and credit of the U.S. government, operates and manages the National Credit Union Share Insurance Fund, insuring the accounts of 88.5 million account holders in all federal credit unions and the majority of state-chartered credit unions. NCUA is funded by credit unions, not federal tax dollars.