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NATIONAL COALITION OF FIREFIGHTER CREDIT UNIONS SUMMIT

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Good morning, and thank you for inviting me to your annual conference here in New Orleans. It is a pleasure to speak to you this morning.

Within the last month the nation has seen again the images of September 11, 2001, and especially of the firefighters. Some rushing to the stricken Twin Towers in New York City, some working amid the rubble after the buildings collapsed searching for survivors, and some tragically being carried out of the twisted wreckage on basket stretchers covered by American flags. Those who raced into the Twin Towers to save others will never be forgotten. As they knew they might one day, they gave their lives in the line of duty. Nor will we ever forget the firefighters who worked for weeks amid the terrible wreckage. Many Americans before 9/11 did not give a lot of thought to firefighters and first-responders. Fire stations were something they drove by that flew the American flag out front. They never saw the people behind the walls and windows. But on 9/11 and the days that followed, they did. They saw men and women with extraordinary bravery and valor. They saw men and women who understood brotherhood and community and had the ability to get things done. Wall Street traders and brokers shut down for a week; firefighters worked day and night searching for and finding survivors.

The nation developed new respect for firefighters, now no longer out-of-sight in their firehouses, Firefighters were seen as the heroes they have always been. I and everyone at NCUA have a great respect for firefighters and salute them, everywhere in this country from Boston to Los Angeles.

It is well we have such dedicated and capable firefighters and emergency personnel in this country. It seems that in the last several years we have faced an increasing number of natural and manmade disasters: hurricanes, earthquakes, wildfires, floods, and terror attacks. The job of the firefighter or EMS professional has never been more demanding. Nor has it been tougher to even enter as a profession. Many Americans do not appreciate the level of training – both physical and knowledge-based – firefighters and first-responders have to go through to become qualified for and hold their jobs. The work of firefighters and first-responders demands an extraordinary number of mental and physical skills but no less important are elements of character. Two of the most critical are trust and cooperation. No one knows these better than firefighters and first-responders. Each person is a brother, a unit in a family who has a job to do and each job has to be performed to exacting standards. Whether firefighters are within arm's length of one another or fifty yards apart – or even blocks apart as dispatchers are from those on the scene – they have to know that the other persons are doing their jobs the right way, because lives are at stake. And they have to cooperate. Success or failure depends on it. Brotherhoods are developed, bonds are formed and after a while persons working in the profession feel like family, and they *are* a family – from firehouse to firehouse. This is why firefighters and first-responders and credit unions are such a natural fit. Credit unions embrace and reinforce the

family of their members. They are cooperatives. Each looks out for the others and the others look out for each. The family of firefighters makes loans to their fellow firefighters and keeps their savings safe. Did the credit union slogan “People helping people” ever apply more than to firefighters and first-responders?

Credit unions have never been more important to firefighters than they are today. Now more than ever firefighters need financial security. They need up-to-the-minute financial services at the most advantageous prices so their families can make the most of every dollar of income. And never has financial literacy been more important to firefighter and first-responder families; the financial environment is increasingly complicated with IRAs, college savings plans, risk of identity theft, varying mortgage products, and shifting retirement scenarios so that persons need to know, first, how to protect themselves from harm and second, to make the best use of the products and services made available to them.

Credit unions seem as though they could have been tailor-made for firefighters. Credit unions are by nature and structure cooperative; they were organized not for profit but for service as many of our volunteer rescue services are. Members of credit unions are not just customers. Rather they are member-owners of cooperatives. They can cooperate with their fellow members, and credit unions can cooperate with one another. I congratulate the National Coalition of Firefighter Credit Unions in your work to cooperate in strengthening and forwarding the mission of firefighter credit unions. You are a relatively young organization, but that is all the better. You have the drive and energy of youth to push your agenda and reach for

your goals. You can work to bring even better products and services to firefighters and their families.

As you are well aware, many firefighters start up small enterprises on the side. They often need loans to make their businesses successful. Making credit unions a greater source of credit to firefighter family businesses can be very helpful for members and continues the bond that firefighters share. Firefighter credit unions must continue their efforts in helping families and enterprises.

I note with satisfaction that firefighter credit unions have been doing better than the total body of credit unions. Your ROAs are better, your net worth is higher, your delinquencies are lower and your charge-offs are fewer. You might have your own notions about why this is so but I believe a strong reason is that among firefighters trust and cooperation are well understood, highly valued, and deeply ingrained. Firefighters are A family. Firefighters do not fail to repay loans, because not repaying is going to harm someone in the firefighter family. Building a strong net worth is not unlike making sure your equipment is clean and ready to go – it's hard work at the beginning of the shift, but it pays off in preparation for a call and in safety later. And a good ROA is like running an efficient firehouse – budgets may be tight but you work hard to make the very best with the resources at hand. Firefighter credit unions can be proud of their record and I urge them to do everything they can to uphold their performance while putting their members' wellbeing above all else.

Firefighters and first-responders often speak to the public – in schools, at civic groups and the like.

The immense respect for firefighters post-9/11 gives what they say added weight. I urge firefighters when they can to also spread the word about credit unions, about how cooperative principles have helped the firefighter family and how credit unions can help other groups and individuals. Do not let the light of your credit unions hide under a basket; tell anyone who will listen what benefit they can be. People will listen to you.

Some of you probably know I come from Chicago. Chicago is the home of the Chicago Firefighters Credit Union, which I believe is represented here today. Now you don't have to put the words Chicago and Fire together for too long before you come up with the Great Chicago Fire of 1871. It was a terrible fire. Four square miles of the city was destroyed, one-third of the valuation of the city.

Chicago had been dry all summer. Wooden homes were tightly packed. The city was understaffed with firemen – there were only 185 of them. They were under-equipped. And the fire alarm system was faulty. Many of the streets were made of wooden timbers, now as dry as the homes. A stiff wind blew from the southwest. All this made for terrible destruction when a small fire started not far from downtown. Firefighters did what they could but they were already exhausted from fighting – and controlling -- a fire the day before.

This new one of October 8 could not be contained and it raged hour after hour.

What were the lessons learned? Everyone knew they could not control drought, and they could not control the wind, but they could control how buildings were built. The Great Chicago Fire had this one important benefit: It began a movement toward better building codes and better regulations that affect the spread of fire. Homes could not be so tightly packed. They were built on bigger lots with more air space in between. Roads were no longer made of wooden timbers. More firefighters were hired and their equipment upgraded.

Moreover, regulation after the fire was not thought of as a negative. It was thought of as a positive. People worked together to make regulations that would protect them. After all, regulation is really nothing more than mutual protection mutually agreed upon. The building codes that followed the Chicago fire of 1871 were not regulations handed down by city officials upon a resentful citizenry. Regulation was generally welcomed by the mass of citizens who lived in the buildings and worked in the offices and factories. In fact, the Chicago fire began a popular movement across America for better building codes and more buildings built of more fire retardant materials.

People often grumble at regulation. They believe some regulations restrict their freedoms. Indeed they do; for example, you are not allowed to build tightly packed wooden homes in the heart of Chicago. To allow complete freedom from regulation invites chaos. But regulation, properly crafted, and honestly applied saves lives and property. No one knows this more than firefighters, who talk about building codes to community groups, who make inspections to assure codes are followed, and who have to put their lives in danger when persons do not follow

regulations or try to skirt their way around them. People grumble, but without the codes put in place after the 1871 fire, Chicago could have burned to the ground again.

Can regulations be too restrictive? They can. No one after the Great Fire was suggesting that all of central Chicago had to be made of iron, stone, or brick. Regulation has to run the line – sometimes a thin line -- between mutual safety and allowance for progress and innovation. Regulations mutually agreed upon after the Great Fire worked for safety without stifling construction and innovation. In fact, few cities prospered like Chicago did after the adoption of building codes following the Great Fire. Chicago built upward and outward. It was the first city with steel skyscrapers, and it soon was the heart of the City Beautiful movement in the United States. The new building codes worked to keep the city safe but not to keep it back. The regulations allowed the citizens to build without fear and to amass as much progress as their imaginations and hard work allowed.

That is exactly what we at NCUA want to do. We – the credit union industry – have to find the proper balance for keeping everyone safe while allowing for the innovation and progress that good ideas and industry can foster. This is a mutual process, mutually arrived at. We at NCUA cannot work alone. If we at NCUA are to find that right balance, we need your input and your ideas. I can assure you that we read all the comments you send and our own ideas and our own drafts of regulations have changed on account of your input. Like the new codes after the Chicago fire, we work to keep persons safe but not to hold them back.

Like Chicago more than a hundred years ago, New Orleans was hit with a devastating disaster, Hurricane Katrina in 2005. The destructive forces were wind and water, not fire, but the damage was both sudden and huge.

Like Chicago and New Orleans the credit union system suffered a sharp and devastating disaster, in 2009. The fires and winds of the financial world raced through Wall Street institutions until they spread to our corporate credit unions, which, although they had bought securities rated triple A, found themselves holding paper worth far far less than anyone had imagined they could be. High unemployment strained member ability to repay loans. This was the credit union system's Great Chicago Fire and Hurricane Katrina.

This blow staggered us. But we acted quickly. Confidence in the system was vital. We worked together to uphold that confidence. Throughout the crisis, no credit union closed its doors and no one was denied even a dollar's worth of withdrawals. Throughout the crisis, credit union people upheld their own system. Not one dollar of taxpayer money was lost to the credit union system.

But our work was not finished with the immediate credit crisis. Our corporate system was deeply challenged. Again, we needed to act quickly. We did not want timbers to smolder indefinitely and risk re-igniting. We separated the strong financial components from the weak. This was difficult work, but we put into place a framework for recovery and rebuilding.

Firefighters know that after a large and disastrous fire, a lot of the work, a lot of the sweat, goes into recovery and cleanup. The danger to life and limb may mostly be over but effort and time have to go into recovery after the severe trauma has passed. Something like this has been happening to the credit union system. We are now in a period of recovery. But the job is still difficult. The actions taken have put the right instruments in place. Now we have to let those instruments work to rebuild the corporate system. This will take time and it will take sacrifice and payment but we are going to build a system that is better and safer than it was before. We built this system through cooperation and shared sacrifice; we are going to rebuild it through cooperation and shared sacrifice. Nothing is a more powerful force than a group of persons with a common vision working together to a common goal. Our goal is a restored credit union system that is safer and sounder than before with rules and regulations that assure safety while at the same time allowing innovation and growth. Chicago before the fire was a collection of closely packed flammable buildings; now it is one of the most successful cities in the world. It is better than before its disaster, and I expect New Orleans to grow into a city better than it was in 2004.

There is work ahead in this credit union recovery period. There are regulations to mutually work on. There are going to be payments into the common effort. But we are moving in the right direction. We are making good progress. We are going to come out of this stronger than we were before.

Thank you for inviting me to talk to you this morning, thank you to our fire and rescue personnel for answering the call and Thank you for listening.

I will be happy to answer any questions.