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Media Release

FOR IMMEDIATE RELEASE

Statement of Board Member Gigi Hyland on the November 20, 2008 Board Meeting

Alexandria, Va., November 20, 2008 – “Today’s NCUA Board meeting will have significant impact on all credit unions ranging from safety and soundness considerations to credit union outreach to underserved and low-income communities.

12- Month Examination Program

Transparency is critical to the decision-making process of NCUA and so is timeliness. The original request to implement a 12-month program was submitted via a notation vote. I voted to move consideration of the program to an open Board meeting because I wanted our stakeholders to have an opportunity to comment and to be assured that the NCUA Board was following a deliberative process on this critical issue.

In this economic crisis, NCUA can ill-afford to sit by the sidelines without making changes in our exam program. Without modernization of both the risk-based exam scheduling and thorough review of our examination processes, we are at risk of allowing the financial condition of some credit unions to deteriorate because of our inaction. However, this proposed program has real-world implications not only for credit unions, but for state supervisors with whom we must collaborate. Such implications were made very apparent through the comment process and open dialogue on our proposed 2009 budget. The effort to rush into a program without thoughtful, public deliberation would be a disservice to the agency and to the industry it supervises and insures.

As a result of this deliberative and timely consideration, I am delighted to see a reduction in the number of new positions for this proposed program -- from an ill-conceived amount of 100 new examiners to a feasible and effective amount of 45. I am further pleased to see much more attention to the budget implications and more specificity about the proposed program’s parameters. Furthermore, the requirement that a status report be provided to the Board next October ensures timely consideration of the program’s attainment of the stated policy objectives.

Service to Underserved Areas

In 1998, Congress authorized multiple-group federal credit unions the ability to serve members residing in “underserved areas.” This authority, separate and distinct from field of membership requirements, provides credit unions a unique opportunity to reach out to communities most in need of affordable and consumer-centric financial services.

Today’s action clarifies and updates the process of approving federal credit unions to serve underserved areas. The changes appropriately balance flexibility in the documentation federal credit unions must submit with adherence to the statutory parameters. In particular, I’m pleased the change I suggested to afford credit unions the ability to add underserved areas already designated as such between each decennial census is included in the final rule. Commenters urged this action and the regulatory approach appropriately balances the need to demonstrate the requirements of the statute without imposing unnecessary burden.

Despite today’s action, only multiple common-bond federal credit unions are permitted to serve underserved areas. Congressional consideration of statutory changes is still urgently needed to allow all federal credit union charters the ability to meet the financial needs of underserved communities.

Amendment to definition of ‘low-income members’

In February 2008, NCUA’s Outreach Task Force, which I chaired, recommended to the NCUA Board changes to the definition of ‘low-income members.’ I’m pleased that the Board voted unanimously to adopt the recommended changes. This action better aligns NCUA’s regulations with the requirements to gain certification as a Community Development Financial Institution designation and assistance from the Community Development Revolving Loan Fund. Moreover, the changes require appropriate monitoring of credit unions to assure they continue to meet the criteria for low-income designation. Together, these changes will better enable credit unions to meet the savings and credit needs of all of their members, particularly those of low and moderate-income.”

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, operates and manages the National Credit Union Share Insurance Fund, insuring the deposits of nearly 89 million account holders in all federal credit unions and the majority of state-chartered credit unions. NCUA is funded by credit unions, not tax dollars.