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## **NEWS RELEASE**

**Credit Union Economics Group (CUEG)**

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### **CU ECONOMISTS MEET WITH SAN FRANCISCO FED BANK PRESIDENT**

*Credit Union Economics Group Shares CU Views with Janet Yellen*

SAN FRANCISCO – A group of the credit union industry’s leading economic observers met with officials of the Federal Reserve Bank of San Francisco on Monday and shared their views on issues and topics currently affecting credit unions.

The San Francisco district is one of 12 Federal Reserve banks nationwide that, together with the Fed’s Board of Governors in Washington, D.C., serves as the country’s central bank. San Francisco serves as headquarters to the 12th Federal District, which includes the nine western states – Alaska, Arizona, California, Hawaii, Idaho, Nevada, Oregon, Utah, and Washington – Guam, American Samoa and the Northern Mariana Islands.

“CUEG appreciated the opportunity to meet with President Yellen, who is considered by many to be very influential,” said Tun Wai, CUEG member and director of research/chief economist for the National Association of Federal Credit Unions (NAFCU), who opened Monday’s discussion with Fed officials. “Credit unions need to let the Federal Reserve know we are not the cause of the current market turmoil and, in many ways, are prudently assisting members every day in their time of need. We continue to stand ready and able to be part of the solution.”

During the informal meeting, CUEG economists discussed the housing market, credit union loan quality issues and the group’s economic outlook.

Dave Colby, CUEG member and CUNA Mutual Group chief economist, told the Fed staff, “We have entered a critical period in consumer finance where middle-income, working families risk losing access to reasonably priced credit. The nation’s credit unions are working to fill this void, as they always have.” Colby

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also indicated that if energy prices continue to rise, some consumers will pay even higher energy costs, which could reduce household consumption on other items and possibly dampen the impact of the economic stimulus package.

CUEG member Bruce Beaudette, president of Sunmark Federal Credit Union, discussed credit union loan quality, specifically bankruptcies, charge-offs and delinquencies. He cited legislation currently being proposed to prevent predatory mortgage and credit card-lending practices, questioning how the excessive restrictions of such legislation could affect credit unions, which already offer member-friendly terms and prices.

Dwight Johnston, CUEG member and Western Corporate Federal Credit Union's vice president of economic and market research, discussed mortgage lending and the current housing market. He reported that while most credit unions avoided the pitfalls in the mortgage lending frenzy, many credit unions are feeling the side effects. Members that did take on too much mortgage debt and/or rapidly adjusting payments, are now falling behind on car payments and other debt they acquired from the credit union. Despite some concern about recent increases in delinquencies, many credit unions are increasing efforts in providing mortgages as competitors are retreating from the market. While mortgage refinancing applications are soaring at some credit unions, falling home prices in some markets are resulting in sharply higher rejection rates. However, credit unions remain committed to be part of a solution.

“Credit unions have a great story to tell,” said Dave Dickens, CUEG member and executive vice president of asset/liability management for U.S. Central. “They originated mortgage loans to members, either to hold in portfolio or sell to FNMA and FHLMC, but not to blindly sell off into securitizations that now have gone so wrong. It's that member-focus that consistently and positively sets credit unions apart.”

The Credit Union Economics Group (CUEG) is a working group of credit union officials located throughout the country who are dedicated to the current and future financial well-being of the credit union movement. CUEG's objective is to provide credit unions with consensus macroeconomic forecasts and industry-trend analyses that will be helpful in their planning and operations. This independent, non-profit group also provides a credit union perspective on national and regional economic trends by exchanging information with the NCUA, the Federal Reserve Board and the various Federal Reserve District Banks.

CUEG prepares a regional economic and descriptive credit union trends report bi-annually, as well as a quarterly consensus macroeconomic and industry-trend forecast, available at [www.cueg.org](http://www.cueg.org).

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Pictured from left to right: Dave Colby, Bruce Beaudette, Bruce Fox, San Francisco Fed President Janet Yellen, Tun Wai, Dave Dickens, Steve Brewer, Dwight Johnston, Eli Vazquez.

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