

What has happened?

A brief explanation, in Q&A format, of the actions taken by the federal government over a 'corporate' credit union.

Q: *What has happened?*

A: The National Credit Union Administration – the regulator of federally insured credit unions – has taken over the direction and management of this “corporate” credit union (a “corporate” credit union is a “credit union for credit unions” that serves only credit unions, to help them meet liquidity and other needs).

Q: *Why was this action taken?*

A: The conservatorship allows NCUA to effectively take over the direction and operation of the corporates, with an eye to do whatever is necessary to put each credit union in a sound and solvent condition; and to carry on the business of the credit union, while preserving and conserving the assets and property of the credit union. The ultimate goal of the conservatorship is to bring the corporates back into full operation with independent boards and management.

Q: *What does this mean for “natural person” credit unions served by the corporate?*

A: The conservatorship means the corporate will be able to continue serving credit unions and – most importantly – meeting their liquidity needs immediately. As conservator, the NCUA can tap additional sources of liquidity – such as arranging credit lines through its Central Liquidity Facility (typically open only to credit unions) and the National Credit Union Share Insurance Fund (the federal savings insurance fund for credit unions).

Other than that, credit unions will face no other effects from this action.

Q: *Are consumers' savings in credit unions safe?*

A: Yes. Virtually all credit unions have federal savings insurance to the same level as that provided to bank depositors.