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NCUA Media Advisory

NCUA Charters “Bridge” Corporate Credit Unions

*Two new corporates will assume existing business,
ensure continuity in system*

October 5, 2010, Alexandria, Va. -- The National Credit Union Administration today announced the creation of two bridge corporate credit unions to assume operations of U.S. Central Corporate Federal Credit Union (US Central) and Western Corporate Federal Credit Union (WesCorp).

These actions, which were originally announced in conjunction with the unveiling of NCUA’s Corporate System Resolution Plan on September 24, comprise an important next phase in the transition of corporate credit unions currently under NCUA conservatorship.

The newly created institutions will be known as U.S. Central Bridge Corporate Federal Credit Union and Western Bridge Corporate Federal Credit Union.

“The creation of bridge corporates is an important interim step toward an orderly transition which will allow consumer credit unions to exercise real choice about the future of the corporate system,” stated NCUA Chairman Debbie Matz.

NCUA is implementing a “Good Bank/Bad Bank” model to facilitate the corporate resolution process. Bridge corporate credit unions (“good banks”) are chartered by the NCUA Board to purchase and assume “good” assets and member share deposits from the conserved corporate credit unions (“bad banks”). Bridge corporate credit unions will be highly liquid and operated to ensure stability and minimize disruption of service to member credit unions.

Other bridge corporate operational highlights include:

- No new service offerings, except in instances where there is a need to enhance the security and functionality of existing services;
- Fields of membership will be identical to those of the conserved credit unions they replace;
- New loans will be provided primarily for settlement purposes, and existing loans will continue to be serviced;
- Bridge corporate balance sheets will consist of assets and liabilities sufficient to sustain operational activities of the bridge corporate;
- Payments and settlement activities will be the focus of the bridge corporates. Funding will not be secured to build an asset portfolio above this stated purpose;
- Bridge corporates will not accept new members; and
- In the interest of continuity of service at bridge corporates, critical staff will be encouraged to transition to the bridge corporate.

NCUA is committed to operating bridge corporates in a way that minimizes disruption of services provided to members. However, the bridge corporate cannot operate indefinitely. Bridge leadership will consult with members to develop a viable long-term plan that would enable the delivery of services transferring the bridge corporate's operations to a newly chartered corporate credit union, or selling operations to another entity capable of providing uninterrupted services.

Should a bridge corporate's members decide not to support the plan or another entity not be identified, NCUA is committed to operating the bridge corporate for sufficient time so that members can find individual solutions. This process could take up to 24 months.

NCUA is the independent federal agency that regulates, charters and supervises federal credit unions. With the backing of the full faith and credit of the U.S. government, NCUA operates and manages the National Credit Union Share Insurance Fund, insuring the deposits of over 90 million account holders in all federal credit unions and the overwhelming majority of state-chartered credit unions.