



NCUA Media Advisory

NCUA Issues Advisory Letter to Credit Unions on Government Shutdown Planning

In the Event of a Federal Spending Impasse, Deposits at Credit Unions Remain Insured up to \$250,000; NCUA Will Operate 'Business as Usual'

April 7, 2011, Alexandria, Va. -- The National Credit Union Administration (NCUA) today issued a [Letter to Credit Unions](#) providing guidance about planning for a potential federal government shutdown. The correspondence from NCUA Board Chairman Debbie Matz urges credit unions to maintain a state of readiness and to work prudently and flexibly to address the financial needs of federal workers and other individuals affected by any impasse on federal spending.

“Credit unions should proactively plan to help their members in the event Congress does not pass legislation to continue funding most federal agencies,” said Chairman Matz. “All credit unions need to get ready to answer questions from their members. In particular, credit unions serving federal workers need to prepare to prudently and flexibly address their members’ financial needs resulting from possible furloughs, reimbursement delays, the suspension of government programs, and the closure of federal buildings with credit union branches.”

The current continuing resolution funds most federal government agencies and programs through April 8. Congress continues to debate over extending federal funding. In the event spending negotiations in Congress reach an impasse, NCUA issued today’s guidance to counsel credit unions about the actions needed to prepare for and operate during any government shutdown.

Today’s Letter to Credit Unions specifically urges credit union boards of directors to:

- Ensure policies provide flexibility to respond to members’ financial needs in the event of a federal government shutdown;
- Implement a state of readiness and take steps to prudently work with members affected by any shutdown, including providing advances to individuals receiving direct deposits from the federal government;
- Communicate openly with members, volunteers and employees before, during and after any potential shutdown.

Additionally, today’s Letter to Credit Unions advises credit unions that participate in federal programs to develop contingency plans for what will happen in the event of a shutdown. For example, some credit unions offer loans backed by the Federal Housing Administration (FHA).

Individual financial institutions, including credit unions, will therefore need to decide whether to proceed with scheduled FHA loan closings and whether to hold and guarantee new FHA loans until any impasse on federal spending ends.

In today's Letter to Credit Unions, Chairman Matz also reminds boards of directors that NCUA operates outside of the congressional appropriations process and that the National Credit Union Share Insurance Fund will continue to protect individual deposits without interruption.

"As a self-funded agency, NCUA will remain open and operate business as usual in the event of a government shutdown," added Chairman Matz. "As always, individual deposits at federally insured credit unions will remain protected up to \$250,000. NCUA oversight of the credit union industry will also continue unaffected."

Credit unions with questions or concerns about today's Letter to Credit Unions should contact their NCUA Regional Office or State Supervisory Authority.

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 more than 90 million account holders in all federal credit unions and the overwhelming majority of state-chartered credit unions.

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