

# CREDIT UNION TIMES

## NCUA Declares U.S. Central/WesCorp Operations and Liquidity Stable

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The NCUA released an update on its activities at U.S. Central and WesCorp this week, after placing the two corporate credit unions into conservatorship one week ago today.

The agency reported that normal operations and transactions continued without interruption, and liquidity remains stable.

"Contacts were made with outside counterparties to assure them of ongoing operations and to establish adequate future contingent sources of liquidity. Contacts with the associated Federal Home Loan and Federal Reserve Banks have also been made, and provisions to maintain lines of credit are being explored," the release stated.

NCUA Chairman Michael Fryzel specifically addressed controversies regarding the decision to place the corporates under conservatorship and the state of the share insurance fund, emphasizing that the actions had "no effect on the NCUSIF's loss reserve".

"The cost of the corporate credit union stabilization program would have increased even if NCUA had not placed U.S. Central and WesCorp into conservatorship," he said. "Barring a deepening of the recession beyond what was incorporated into the loss projections, and economic uncertainties do remain, the \$5.9 billion reserve should be sufficient to cover expected credit losses of holding the distressed assets to maturity."

The release stated that the NCUA will soon release specific valuation comparisons between its numbers and those previously released by the seized corporates.

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