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NCUA Media Release

Matz: NCUA Strengthening Supervision in Key Risk Areas

Agency Increasing Administrative Actions in Effort to Assist Credit Unions

November 13, 2009, Alexandria, Va. – National Credit Union Administration Chairman Debbie Matz today told over 150 members of the American Association of Credit Union Leagues (AACUL) that NCUA is strengthening supervision to help credit unions manage areas of heightened risk.

Citing the stressed economy and continuing repercussions from losses in the corporate credit union system, Chairman Matz noted that “2010 will be a year of great uncertainty. NCUA is going to take every appropriate step to enhance our supervision in areas of increased risk.”

Examiners are reviewing call reports to look for “red flags.” These include concentrations of fixed-rate mortgages, and increased delinquencies in indirect lending portfolios, member business lending and loan participations.

“Whenever necessary, NCUA examiners will be taking public administrative actions to ensure compliance.” For example, Matz explained, “if a credit union has not addressed NCUA recommendations in a private Document of Resolution, examiners will likely follow up with a public Letter of Understanding and Agreement – or in more severe cases, a public Cease and Desist order.”

“We are not doing this to discourage lending,” Matz pointed out. “We are doing this to ensure that credit unions lend in a prudent, safe and sound manner. The expectation is that credit unions will comply and minimize the number we have to merge, consolidate or liquidate. Our goal is to detect and resolve problems before they become insurmountable.”

The Chairman’s comments came during an address to the AACUL Annual Meeting in Naples, Fla. Matz also called on leagues to help inform credit unions about increased NCUA supervision, provide compliance training, and reinforce the importance of due diligence.

“Our interests are aligned to serve and protect credit union members,” Matz concluded. “The way to do that is to make sure the credit unions they belong to are safe and sound.”

The full text of the Chairman’s speech is available online at: [click here](#).

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

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