Corporate System Resolution
Bridge Corporate Credit Unions
Frequently Asked Questions (FAQs)

1. What does this FAQ cover?

This document addresses the basic structure, operations, and governance of the new bridge corporates.

2. What will the "bridge corporates" look like?

These institutions will have very simple balance sheets which will consist of assets and liabilities sufficient to sustain the operational activities of the corporate over the transition period. Credit union deposits in the bridge corporates will be covered by the NCUA Temporary Corporate Credit Union Share Guarantee Program under existing terms through December 31, 2012. New term deposit maturities will be limited to 180 days.

Investments will be restricted to cash held in correspondent accounts (e.g., FRB) or Treasury and Agency bullets with maximum maturities of 180 days.

No new services will be offered by the bridge corporate except for those which may be necessary to enhance the security and/or functionality of existing services.

Additionally:

- Derivative authority will be suspended and existing contracts will be retained by the asset management estate; and
- The bridge corporate will provide new loans primarily for settlement purposes and will continue to service existing loans.

3. What will be the main focus of the "bridge corporates"?

The focus of the bridge corporates will be to facilitate payments and settlement activities to ensure uninterrupted member service during the transition period. Funding will not be secured to build an asset portfolio above this stated purpose.

4. Who will run these bridge corporates?

NCUA conducted a search for qualified interim CEOs for these institutions who will oversee daily operations and will report directly to the NCUA Board through their appointed agents. The bridge corporates will remain in conservatorship throughout their period of operation. NCUA will have an advisory council consisting of senior level NCUA staff who will discuss critical strategic and financial issues for these institutions. NCUA will maintain an on-site supervisory presence.

5. What about operational personnel?

There are no plans to replace operational personnel beyond the CEO position. As continuity of service is deemed an essential tenet of the bridge corporate, a retention pay incentive plan will be authorized to retain critical staff. NCUA may engage third parties to support, augment, and secure critical operations (e.g., outsource job functions through temporary labor).

6. What kind of policies and procedures will these corporates have to follow?

Bridge corporates will use existing corporate policies and procedures from the conserved corporates to ensure continuity of services to member credit unions.

Additionally, the bridge corporates will be required to prepare operational, financial, and other reports on their financial condition and operational capacities. Such reporting will include monthly financial and 5310 reporting, GAAP compliant financial statements, and annual audits as required by regulation.

7. What will eventually happen to these institutions?

These institutions will operate for a targeted 24 months to allow member credit unions to orderly transition to alternative service providers. Other alternatives for the bridge corporates include the potential for existing members to charter a new corporate for the purpose of purchasing and assuming the assets and deposits of the bridge corporate. Members could also form a CUSO, pursuant to new regulatory requirements, to purchase the operations in tandem with another financial institution for settlement purposes.