

# Michigan Credit Unions: Secure, Strong

## With federal insurance, serving as consumers' safe harbors

### Credit unions are healthy:

**Michigan credit unions are well capitalized;** their overall capital-to-asset ratio is 12.7%. Which is higher than the national average by 1.6%; the national credit union average is 11.1% (compared to 10% for banks). Michigan credit unions saw an **asset growth of 4.5%** in the first quarter of 2008 equating to about \$1.4 billion. Credit union mortgage delinquencies at the end of the first quarter stood at only 0.7%. First mortgage charge-offs were a miniscule 0.06%. Michigan delinquency rates are at 1.27%, **half of the national bank average.**

### Federal insurance covers credit unions, too:

All Michigan credit unions are federally insured by a fund that, like the FDIC, is backed by the full faith and credit of the U.S. government. As of October 3, **the National Credit Union Share Insurance Fund (NCUSIF) insures a person's savings up to \$250,000.** The NCUSIF is administered by the National Credit Union Administration (NCUA), an agency of the federal government.

### Steering clear of the subprime mess:

**Credit unions operate more conservatively** and tend to hold more of their mortgage loans (about 70% in fact) in portfolio rather than sell them to Fannie and Freddie on the secondary market. Credit unions are **member-owned and not-for-profit cooperatives.** We exist to serve our members, not profit from them. Today 56% of credit unions offer first mortgages, and 90% of the nation's 90 million credit union members belong to one of the credit unions that offer first mortgage loans. To the extent credit unions have been impacted by the subprime debacle, it's primarily as "collateral damage"—members having trouble making payments on other loans because of a subprime mortgage they've gotten elsewhere.

### A safe harbor for consumer savings:

**Savings at credit unions so far this year have grown nearly 7 percent.** In today's economy, consumers are increasing their savings in response to concerns about their economic future. More people seeking to put their money in a stable source offering good rates are turning to credit unions. As not-for-profit cooperatives, **credit unions typically offer higher savings rates than banks.** For a daily rate comparison, go to this link: <http://www.creditunion.coop/ratedex.php>. Consumers saved \$10.9 billion last year by using credit unions rather than banks. The savings come in the form of lower fees, higher savings rates and lower loan rates. That works out to about \$126 per credit union member.



Information provided by the Michigan Credit Union League and the Credit Union National Association.

