

Closing of IndyMac Bank by Federal Regulators



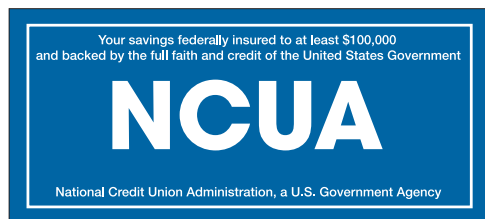
July 15, 2008

The closing of IndyMac Bank by Federal Regulators has been in the news lately. Jax Federal Credit Union is insured by the National Credit Union Administration (NCUA). It is important to note, not one penny of insured savings has ever been lost by a member of a federally insured credit union. Copies of the brochure "Your Federal Share Insurance" are available at JAXFCU. **Please feel free to contact us at 904/475-8000 should you have any questions.**

Share Insurance

The shares in your credit union are insured by the National Credit Union Share Insurance Fund (NCUSIF), an arm of NCUA. Established by Congress in 1970 to insure member share accounts at federally insured credit unions, the NCUSIF is managed by NCUA under the direction of the three-person NCUA Board. Your share insurance is similar to the deposit insurance protection offered by the Federal Deposit Insurance Corporation (FDIC). The NCUA Share Insurance Estimator is an educational resource about share insurance and gives a detailed explanation of insurance coverage. The Your Insured Funds brochure gives a more detailed explanation of your insurance coverage.

Credit unions that are insured by the NCUSIF must display in their offices the official NCUA insurance sign which appears below. All federal credit unions must be insured by NCUA, and no credit union may terminate its federal insurance without first notifying its members.



Here are some important facts to remember about your share insurance:

Not one penny of insured savings has ever been lost by a member of a federally insured credit union. The federal insurance fund has several programs to help insured credit unions which may be experiencing problems. Liquidations or failures are a last resort. If a federally insured credit union does fail, however, the NCUSIF will make any necessary payouts to the credit union's members. These payouts are usually done within 3 days from the time the credit union closes its doors.

As a member of an insured credit union, you do not pay directly for your share insurance protection. Your credit union pays into the NCUSIF a deposit, and an insurance assessment, based on the total amount of insured shares and deposits in the credit union. Insured credit unions are required to deposit and maintain one percent of their insured shares and deposits in the NCUSIF. The NCUSIF is backed by the full faith and credit of the United States government.

Most properly established share accounts in federally insured credit unions are insured up to the Standard Maximum Share Insurance Amount (SMSIA), which is \$100,000 as of April 2006, but may be increased in the future. Recent legislation has increased the insurance coverage on certain retirement accounts, such as IRAs and Keoghs, up to \$250,000. Generally, if a credit union member has more than one account in the same credit union, those accounts are added together and insured in the aggregate. There are exceptions, though. You may obtain additional separate coverage on multiple accounts, but only if you have different ownership interests or rights in different types of accounts and you properly complete account forms and applications. For example, if you have a regular share account and an Individual Retirement Account (IRA) at the same credit union, the regular share account is insured up to \$100,000 and the IRA is separately insured up to \$250,000. However, if you have a regular share account, a share certificate, and a share draft account, all in your own name, you will not have additional coverage. Those accounts will be added together and insured up to \$100,000 as your individual account. Additionally, shares denominated in foreign currencies are insured as outlined in NCUA Rules and Regulations.

Coverdell Education Saving Accounts, formerly education IRAs, are insured as irrevocable trust accounts and will be added to a member's other irrevocable trust accounts and insured up to the SMSIA. Roth IRAs will be added together with traditional IRAs and insured up to \$250,000.

Additional coverage is available on revocable trust or payable on death accounts. You can now name a parent or sibling as a beneficiary to get separate coverage. Previously, beneficiaries had to be a spouse, child or grandchild.

The rules on joint accounts have been simplified. A co-owner's interest in all joint accounts in the same credit union will be added together and insured up to the SMSIA.

NEWS:

Federal Regulators Close IndyMac
IndyMac 2nd-Largest Bank Failure In History

UPDATED: 12:12 pm EDT July 12, 2008 LOS ANGELES -- Federal regulators said the failure of IndyMac Bank makes it the second biggest financial institution to close in U.S. history.

The thrift's assets have been seized and transferred to the Federal Deposit Insurance Corp. As of March 31, IndyMac had assets of \$32 billion. The plan is to reopen it Monday as IndyMac Federal Bank.

The head of the Office of Thrift Supervision said IndyMac had "a liquidity crisis." It was squeezed by tighter credit, tumbling home prices, and rising foreclosures.

Regulators said IndyMac customers with funds in the bank are limited to taking out money by ATMs over the weekend, debit card transactions, or checks. Other bank services, such as online banking and phone banking, are scheduled to be available Monday.

The FDIC estimates the takeover will cost between \$4 billion and \$8 billion.