NCUA News National Credit Union Administration
June 2009 Number 6

NCUA corporate stabilization plan becomes law as Fryzel testifies

Minutes after Chairman Michael E. Fryzel, May 20, told the House Financial Services Subcommittee on Financial Institutions and Consumer Credit that credit union stabilization "represents a real solution to the problem," President Barack Obama signed S. 896 and NCUA's Corporate Stabilization Plan became law "providing a responsible, pragmatic mechanism for credit unions to maintain a strong federal insurance fund in a financially manageable manner," Fryzel said.

House and Senate bills contained nearly identical NCUA provisions, demonstrating the level of commitment to address credit union issues.

"There is serious work ahead as NCUA takes tangible steps to reform corporate credit unions," Fryzel said. "NCUA intends to put the hard lessons we have learned to good use. I want the industry's input, I want Congress' input, and I will make certain NCUA supplies all our diligence and skill to this process."

Detailing contributing events, Chairman Fryzel told the House Subcommittee that during the summer of 2008, unrealized losses from investments in mortgage-backed securities placed significant pressure on corporate credit union liquidity. To stabilize the system, Congress granted NCUA's request to secure the full $41.5 billion Central Liquidity Facility (CLF) borrowing authority. Since September 2008, CLF has received requests for almost $2 billion dollars, and NCUA has stabilized a tenuous situation by infusing almost $21 billion into the credit union system.

To stabilize the corporate system and ensure uninterrupted member service, in January 2009 the NCUA Board infused $1 billion into US Central, the wholesale corporate that provides services to other corporates, and NCUA guaranteed deposits in all corporates through at least September 2011.

"I could not permit the corporate system to cease functioning. The impact on retail credit unions and consumers would have been devastating," Chairman Fryzel told the Subcommittee.

In March 2009, NCUA placed corporates' US Central and WesCorp into conservatorship to preserve retail credit union deposits, enable NCUA to gain more information about their portfolios, and enable NCUA to take steps to mitigate future losses.

In an effort to further stabilize the system, NCUA developed a plan to replenish the National Credit Union Share Insurance Fund over 7 years. The plan was incorporated into H.R. 2351, The Credit Union Share Insurance Stabilization Act.

Speaking in support of the legislation, Chairman Fryzel noted the bill:

- "Preserves the strong, well-capitalized Insurance Fund that Congress, NCUA and the public demand;

continued on page 3

$250,000 federal insurance protection is extended to 2013

The Helping Families Save Their Homes Act of 2009, signed into law May 20, 2009, includes a provision extending $250,000 share insurance coverage provided by the National Credit Union Share Insurance Fund through December 31, 2013. Previously, this level of coverage was set to expire December 31, 2009. The new law also requires NCUA to use the higher $250,000 standard maximum share insurance amount when making decisions about premiums and administering insurance deposit adjustments.

NCUA will shortly update its guidance about share insurance coverage to address the provisions of the new law. Information about NCUA insurance coverage is available online via the Share Insurance Tool Kit at http://www.ncua.gov/Resources/ShareInsuranceToolkit.aspx.

HIGHLIGHTS

Membership, assets and savings grow as net income continues decline in '09

Members continue to seek the safe haven of federally insured credit unions, as member share accounts grew across the board by annualized double digits in the first quarter of 2009, while loan growth contracted according to the call report data submitted by the nation's 7,749 federally insured credit unions.

"Reflecting the unstable economy and typifying the normal first quarter influx of funds, credit union members were strong depositors, posting gains in every category of credit union share and saving accounts in the first three months of 2009," Chairman Michael Fryzel noted. "The unstable economy slowed lending, with the exception of mortgage lending, primarily due to historically low 1st mortgage loan rates.

"While the economy and expected National Credit Union Share Insurance Fund (NCUSIF) stabilization expense negatively affected net income during the first quarter, credit unions continued to reflect strong capital levels. I also continue to caution credit unions that adverse economic conditions and unstable financial markets remain significant factors to consider as part of risk-based financial planning."

Details of major balance sheet items and membership growth in federally insured credit unions from December 31, 2008, to March 31, 2009, follows:

- Assets increased 5.6 percent to $856.4 billion from $811.4 billion;
- Loans declined (0.1) percent to $565.2 billion from $565.9 billion;
- Investments increased 14.5 percent to $189.8 billion from $165.8 billion;
- Shares increased 6.4 percent to $724.5 billion from $681.1 billion;
- Net worth declined (3.9) percent to $83.1 billion from $86.4 billion; and
- Membership increased 0.7 percent to 89.2 million from 88.6 million members.

Reviewing first quarter 2009 asset figures, loan and investment activity fluctuated by category. First mortgage real estate loans and lines of credit grew 1.5 percent and used auto loans grew 0.8 percent, while the significant lending categories of credit cards and other types of unsecured credit declined over 3 percent, and new vehicle loans continued to decline, down 1.6 percent during the first quarter of 2009.

Share accounts grew across the board. Share drafts increased 6.7 percent, regular shares grew 7.9 percent, money market shares grew 8.2 percent, share certificates grew 3.9 percent, and IRA/KEOGH accounts increased 6.5 percent.

Delinquent loans as a percentage of total loans increased from 1.37 percent at year-end 2008 to 1.44 percent at March 31, 2009, the smallest quarterly increase in over a year. However, delinquency in the 6-12 month category rose by 33.4 percent and by 14.4 percent in the 12 month and over category. Net charge-offs to average loans grew from 0.85 percent to 1.11 percent during the first quarter.

As share growth outpaced loan growth, the loan-to-share ratio declined from 83.1 percent to 78.0 percent. The return on average assets ratio declined from (0.01) percent at yearend 2008 to (1.51) percent at March 31, 2009, primarily due to increased funds set aside for loan and lease losses and for the NCUSIF corporate stabilization. If the stabilization expense is factored out, the first quarter return on average assets ratio would be (0.01) percent. Recently passed legislation allows the NCUA Board to spread the assessments for the corporate stabilization costs over a period of several years rather than all in one year as currently required.

Details of 2009 first quarter data are available in an aggregate Financial Performance Report and a March 2009 Facts Summary posted online at http://www.ncua.gov/DataServices/FOIA/foia.aspx.

NCUA News

National Credit Union Administration

NCUA News is published by the National Credit Union Administration, the federal agency which supervises and insures most credit unions.

Michael E. Fryzel, *Chairman*
Rodney E. Hood, *Vice Chairman*
Christiane Gigi Hyland, *Board Member*

Information about NCUA and its services may be secured by contacting 703-518-6330.

Office of Public & Congressional Affairs
Cherie Umbel, *Editor*

National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314-3428

NCUA issues mortgage loan scam Reg Alert

NCUA issued Regulatory Alert 09-RA-05 to notify credit unions that the Financial Crimes Enforcement Network (FinCEN) recently issued an advisory highlighting loan modification/foreclosure rescue scams so financial institutions may better assist law enforcement when filing Suspicious Activity Reports (SARs).

With some homeowners having difficulty making mortgage payments, an increased number of loan modification/foreclosure "rescue" schemes have surfaced. Pretending to help homeowners modify their mortgage obligations, the schemes often result in loss of money and equity, and in many cases the home itself.

Credit union activities may intersect with these rescue scams in the following two ways:

- Those perpetrating loan modification/foreclosure rescue scams may seek the services of credit unions for the purpose of receiving, depositing or moving funds relating to scams; and
- Credit unions may become aware of a scam through members who become victims.

continued on page 6

Board actions May 21, 2009

Board approves interagency rule on information furnished to consumer reporting agencies

The NCUA Board approved a final interagency rule, 12 CFR Section 717.40-717.43, and Appendix E, issuing guidelines federal credit unions should follow that stipulate the accuracy and integrity of consumer information furnished to a consumer reporting agency. The rule implements section 312 of the Fair and Accurate Credit Transactions Act of 2003 (the FACT Act).

The regulation requires that federal credit unions establish reasonable policies and procedures for implementing the guidelines. Additionally, the rule allows federal credit union members to dispute consumer report information inaccuracies directly with the entities that furnish the information. The FACT Act requires NCUA, the other federal financial institution regulators and the FTC to issue regulations identifying circumstances when a furnisher must reinvestigate disputes about the accuracy of information contained in a consumer report based on consumer request. The rule is effective July 1, 2010.

ANPR issued on “furnisher” accuracy and integrity guidelines

The NCUA Board issued an advance notice of purposed rulemaking (ANPR), in concert with the other federal financial institution regulators and the FTC, to gather input about a possible addition to the consumer credit report furnisher accuracy and integrity guidelines issued today.

Issued with a 60-day comment period, the ANPR seeks input to determine whether an addition to the guidelines is needed to define the circumstances when a furnisher is expected to provide an account opening date to a consumer reporting agency to promote the integrity of the information. In addition, the agencies request comment on whether furnishers should be expected to provide any other types of information to a consumer reporting agency in order to promote integrity.

NCUA reduces bond coverage requirements for SIP participants

The NCUA Board issued an order excluding Credit Union System Investment Program (CUSIP) investments from the calculation of total assets subject to minimum fidelity bond coverage for all federally insured credit unions. The order is available within “Programs and Actions” online at http://www.ncua.gov/Resources/CorporateStabilization/index.aspx.

NCUA regulation Part 713 applies to all federally insured credit unions and requires them to maintain minimum fidelity bond coverage for a single loss. Minimum coverage is tied to total assets, and as credit unions’ total assets grow, they incur greater costs for higher coverage. The assets of credit unions participating in CUSIP are inflated by the amount they have invested in the program. Consequently, federally insured credit unions that borrowed and invested CUSIP funds see minimum fidelity bond coverage and costs increase as a result of participation in the program.

The NCUA Board found it needless for federally insured credit unions to increase fidelity bond coverage in relation to their CUSIP investments because these investments are guaranteed by the NCUSIF and pose no additional risk to the fund. Effective immediately, participating federally insured credit unions can exclude CUSIP funds from their calculation of total assets subject to minimum fidelity bond coverage under Part 713.

NCUSIF status report

Through April 30, 2009, NCUSIF year-to-date revenue and expense included investment income of $65.6 million, accrued recapitalization and premium income of $6.2 billion, operating expense of $33.3 million, insurance loss expense of $5.1 billion, and loss on investment -corporate- of $1 billion. Net income through April was $135.9 million.

The NCUSIF reserve balance was $5.4 billion as of April 30, 2009—approximately $4.9 billion in reserves for corporates and nearly $300 million in reserves for natural person credit unions.

Based on year-end 2008 insured shares of $611.6 billion, the NCUSIF equity ratio was 1.30 percent as of April 30, 2009. Four federally insured credit unions failed through April—1 liquidation and 3 assisted mergers—at a cost of $21.5 million.

There were 288 problem code credit unions as of April 30, 2009, with shares representing 3.47 percent of total insured shares—60 percent held less than $10 million in total shares and 1.7 percent held more than $1 billion in total shares.

Board votes are unanimous unless otherwise indicated

stabilization plan

continued from page 1

- Enables credit unions to bear the costs in a more manageable way; and
- Complies with GAAP accounting, which is mandated by the Federal Credit Union Act and which must be adhered to if we are to maintain public confidence in the industry.

“I welcome and appreciate your support for this Plan,” Fryzel said. “Congress has been a very responsive partner to NCUA during this time of financial difficulty.”

Chairman Fryzel also described a broad set of corporate reforms initiated by NCUA that will address investment authority, risk concentration, corporate governance and other aspects of corporate credit union operations. “This new rule will yield a stronger, more durable corporate network that will better serve the needs of credit union members.”

“My commitment…is to make certain that NCUA puts the hard lessons we have learned to good use. I will look to the industry and to Congress for input. I will incorporate the best ideas we have at our disposal. And above all I will keep a clear focus on the central mission of protecting credit union members.”

Chairman Fryzel’s testimony is available online at http://www.ncua.gov/NewsPublications/News/Testimony.aspx.

Hood emphasizes time is right for CUs to gain market share

NCUA Vice Chairman Rodney E. Hood recently addressed the National Association of Credit Union Service Organizations (NACUSO) Annual Meeting. The meeting focused on credit union sustainability through collaborative efforts and multi-owned CUSO's that provide additional resources and expertise, spread the risk and capital investment of business ventures, and ultimately direct more value back to credit union members.

Hood welcomed the audience of CUSO and credit union leaders, commending them for their role in the cultivation of an environment that is the leading catalyst for innovation, collaboration and reinvention of the credit union industry. During his remarks, Mr. Hood provided details on various legislative proposals and their current status in Congress. However, his comments largely focused on the benefits of CUSO—credit union partnering.

Recognizing the difficulties that have surfaced due to the current climate of economic uncertainty, the Vice Chairman stressed that CUSO's and credit unions have a unique opportunity to be part of the solution and gain market share through migrating customers into new credit union members by taking the lead in developing solutions to payday lending.

Although there are already good examples of CUSO's providing payday lending alternatives, the Vice Chairman emphasized the advantage of leading the way to provide a national solution to payday lending alternatives.

"By taking the initiative to head a national solution to payday lending, America's credit unions and CUSO's can play a vital role in ending the downward cycle for consumers involved in payday lending, and emerge as a dependable, honest partner on which the public can rely," said Hood.

The Vice Chairman went on to note that it is not only vital for consumers to be able to access affordable short-term emergency loans, but also to have credit union members produce a revenue stream—particularly in today's economy when fee income is critical to the credit union balance sheet.

"Currently, payday lending customers comprise an industry worth more than $50 billion. The average age of a payday customer is 39, with 59 percent of customers between the ages of 18-44. We must recognize this as a growth market for credit unions and, partnering with CUSOs, find a way to turn payday customers into credit union members. The end result of such an approach will serve to facilitate a greater market share for credit union membership while promoting the credit union mission of People Helping People."

In closing, Hood thanked NACUSO and everyone in attendance for taking the initiative to promote innovation through collaboration. "It is this type of collaboration and innovation that will be fundamental to the continued success of the credit union system."

Date: June 17, 2009
Who: Board Member Gigi Hyland
Event: HOPE Global Financial Literacy Summit
Location: Washington DC
Contact: Jessica Vogel at jvogel@ncua.gov or 703-518-6318

Date: Tuesday, June 23, 2009
Who: Vice Chairman Rodney E. Hood
Event: CUREN Event
Location: Denver, CO
Contact: Sally Thompson at sridgely@ncua.gov

Date: Friday, July 17, 2009
Who: Vice Chairman Rodney E. Hood
Event: AACUL Summer Meeting
Location: Chicago, IL
Contact: Sally Thompson at sridgely@ncua.gov

Date: July 17, 2009
Who: Board Member Gigi Hyland
Event: AACUL Summer Meeting
Location: Chicago, IL
Contact: Jessica Vogel at jvogel@ncua.gov or 703.518.6318

Date: Friday, July 24, 2009
Who: Vice Chairman Rodney E. Hood
Event: NAFCU's 42nd Annual Conference
Location: National Harbor, MD
Contact: Sally Thompson at sridgely@ncua.gov

NCUA HISTORY AND FUTURE

The Federal Credit Union Act endures rough passage

Securing passage of the Federal Credit Union Act in 1934 culminated a concept begun decades earlier and a "partnership—without any papers," when well-connected, widely recognized humanitarian and wealthy Boston merchant Edward Filene asked attorney Roy F. Bergengren to head a national credit union organizing campaign, according to Moody and Fite's *The Credit Union Movement*."

The two men agreed on three primary objectives—secure state laws permitting credit union chartering, organize individual credit unions, and form a national organization that would take over the U.S. promotion of credit unions. Roy Bergengren opened the Credit Union National Extension Bureau (CUNEB) in July 1921 sharing space with the Massachusetts Credit Union League in Boston.

Bergengren's journey begins

Committed to the credit union concept, Bergengren traveled extensively to educate and spread the credit union ideal. With Filene's financial support, intermittent presence and substantial influence, Bergengren worked diligently to convince and enlist proponents to organize credit unions and encourage states to adopt credit union legislation. By year-end 1925, the number of enacted credit union laws had increased from 3 to 24 states and hundreds of new credit unions existed.

Bergengren considered publicizing credit union information of major importance. He wrote *Cooperative Banking: A Credit Union Book*, the first comprehensive book of history, philosophy and credit union operations which was published in the U.S. in 1923, and his 24-page pamphlet containing similar information was widely circulated. *Collier's*, the most popular magazine of the day, carried a major article featuring credit unions and many small agricultural and trade magazines published similar articles.

In June 1924, Bergengren launched a 4-page newsletter, *The Bridge*, named to convey his belief that "the credit union system will prove to be a bridge" used to educate large numbers of people about the management and control of money. The first edition of 2,500 copies cost CUNEB $76.58.

Bergengren campaigned constantly for increased funding for himself and CUNEB as he struggled to add field staff that could organize institutions and expand state chartering authorities.

Federal credit union concept

It was 1926 when Bergengren first included the concept of federal legislation to enable organizing federally chartered credit unions in his annual plan to Filene. "Such a law," he wrote, "would enable supporters to organize credit unions in those states where legislators would not pass enabling legislation because they were either reactionary or too much boss controlled," according to Moody and Fite.

Filene responded that Bergengren should instead concentrate on chartering credit unions. Thus, Bergengren left most legislative work to others and concentrated instead on organizing credit unions in 1926 and 1927. Normally traveling by train, his "organizational tours" covered many days and long distances. In the spring of 1926, on a Midwest trip he traveled 4,500 miles in 21 days.

Objectives achieved

By 1930, a significant part of Filene and Bergengren' objectives were achieved—32 states had credit union legislation and 1,100 credit unions existed serving a broad range of workers. The institutions held $5 million in assets and provided some $60 million in loans. The principle remaining tasks were establishing a national association of credit unions and securing a federal credit union law.

The crash of '29 and ensuing economic collapse became a boon for credit unions. As banks closed and billions in deposits were wiped out, critics blamed the failing banks and businesses, and in turn stimulated interest in the cooperative credit union ideal. While credit unions were impacted and some closed, new credit unions opened throughout the depression and many continued to expand. 1931 saw 2,298 banks suspend operations—December alone saw 512 banks close while 30 new credit unions were organized.

Congress considers DC legislation

As credit unions expanded and grew, the U.S. Congress repeatedly considered legislation to grant the city of Washington, D.C., authority to form credit unions. With the opposing banking lobby thwarted by widespread financial problems, in June 1932 President Hoover signed D.C. charting legislation.

continued on page 6

Accounting for USC and WesCorp PIC/MCA

Letter 09-CU-10 to Federally Insured Credit Unions issued in late May notifies credit unions that U.S. Central paid-in-capital (PIC) has been exhausted and 23 percent of member-capital (MCA) has been depleted, while WesCorp PIC and MCA are both exhausted. NCUA has issued member statements to both corporate credit union members reflecting precise PIC and MCA measures.

Capital exhaustion

The precise measure of PIC and MCA depleted to absorb losses is reflected in member statements issued by U.S. Central and WesCorp. This information is relevant to each credit union member's determination of the level of asset impairment, as explained above, that must be recognized in its statement of income.

PIC and MCA were insufficient to resolve the deficit in WesCorp undivided earnings, and NCUA has authorized WesCorp to operate with special assistance under a "prior undivided earnings deficit" (PUED). When a credit union's capital is exhausted, PUED provides for regulatory segregation of the retained earnings deficit to capture the permissible accumulated deficit position. As a result, WesCorp is able to continue providing uninterrupted service to members, including the payment of dividends on regular shares (i.e., share, share draft and share certificate accounts).

Authorizing special assistance under a PUED prior to the exhaustion of PIC and MCA would be contrary to the essential function of PIC and MCA as at-risk capital to absorb losses ahead of the National Credit Union Share Insurance Fund (Fund). Such unprecedented pre-exhaustion special assistance would subsidize PIC and MCA holders at the expense of the Fund, exposing natural person credit unions to increased premiums. Putting PIC and MCA holders ahead of the Fund would fundamentally and permanently compromise the purpose and meaning of capital in the credit union system.

Impact on Membership

Credit union membership is based on ownership of a par value regular share. Subsequent to conservatorship, U.S. Central and WesCorp each waived the bylaw requirement that members maintain a prescribed level of MCA in order to continue membership. A credit union's membership in either U.S. Central or WesCorp will not be affected by depletion of capital below the minimum level otherwise required to maintain membership.

The NCUA Board recognizes that the exhaustion of PIC and MCA will adversely impact members of U.S. Central and WesCorp. Therefore, examiners will monitor events related to corporate stabilization efforts and, consistent with Supervisory Letter 09-01, will take into consideration the effect of exhausted corporate capital on natural person credit union capital and earnings. Please direct questions to your examiner, regional office or state supervisor, as appropriate.

reg alert

continued from page 2

Credit unions are required to implement appropriate risk-based policies, procedures and processes to aid in identifying potentially suspicious transactions.

A list of potential indicators of loan modification/foreclosure rescue scams is included in the guidance. A complete copy of FIN-2009-A005 can be obtained at http://www.fincen.gov/statutes_regs/guidance/pdf/fin-2009-a001.pdf.

rough passage

continued from page 5

Bergengren notified Filene in March 1933 that he was going to Washington, D.C., to discuss federal credit union legislation with senators and representatives. Filene warned Bergengren not to proceed without a "written plan of exactly what Federal help we want," which Bergengren provided. An apprehensive Filene feared restrictive federal supervision and excessive examination charges.

Nevertheless, Bergengren corresponded with Texas Senator Sam Sheppard, who strongly supported credit unions. Bergengren and Senator Sheppard created three bills for introduction in 1933 that centered on federal credit unions and their operation. While two of the measures met with opposition, S. 1639, establishing a federal credit union system, met with little opposition.

Congress takes action

Bergengren and Sheppard worked diligently to align political support and see federal credit union legislation brought to fruition. President Roosevelt had sponsored the credit union act in New York, and Bergengren urged sympathetic officials to help secure Roosevelt's endorsement. The credit union bill was amended various times and Bergengren doggedly lobbied House Banking Committee Chairman Henry Steagall, and June 14, 1934, the Banking Committee favorably reported the bill. Then, on Congress' adjourning day, July 16 at 7:15 p.m., Steagall walked onto the House floor and asked for unanimous consent to have the credit union bill approved by the full House. Without objection and only a few questions, the House passed the measure with two dissenting votes.

Bergengren quickly steered the approved bill out of the clerk's office and it was delivered to Senator Sheppard at 8:30 p.m. Sheppard approached Vice-President John Nance Garner, presiding over the Senate, and arranged to present the bill. On the Senate floor he gained unanimous consent to pass the bill, "as amended unread."

President Roosevelt signed the Federal Credit Union Act June 26, 1934. When the president sent the pen used to sign the legislation to Filene, he gave it to Bergengren saying: "The pen clearly should have gone to you. You did the work, without which the Bill could not have been passed."

The Federal Credit Union Act is "the greatest single step forward in the history of the credit union movement," Bergengren wrote to Filene.

Temporary CCU liquidity guarantee program extended

The NCUA Board modified the terms of the Temporary Corporate Credit Union Liquidity Guarantee Program (TCCULGP). TCCULGP provides an NCUSIF guarantee of principal and interest for debt issued under the program.

"The NCUSIF-guarantee on qualifying senior unsecured debt is just as secure as our guarantee on other NCUSIF insured accounts," said NCUA Chairman Michael E. Fryzel. "Today's changes to this program provide liquidity enhancement that complements the Temporary Corporate Credit Union Share Guarantee Program. The fee structure is expected to provide sufficient income to fund any losses related to the TCCULGP. Additionally, the extended term of the guarantee will allow corporate credit unions to secure low-cost stable sources of funding," Chairman Michael E. Fryzel stated.

Major changes from the original TCULGP introduced in October include:

- Extends the issuance period ending date, one year, from June 30, 2009, to June 30, 2010.
- Extends the date guaranteed debt will expire from June 30, 2012, to June 30, 2017.
- Revises the fee structure, which goes into effect July 1, 2009, from 75 basis points per annum for all guarantees to a fee dependent upon maturity of the debt, as follows:

For debt with a maturity of:	The annualized assessment rate (in basis points) is:
0 days to 2 years	10
Over 2 years to 3 years	15
Over 3 years to 4 years	20
Over 4 years to 5 years	25
Over 5 years to 6 years	30
Over 6 years to 7 years	35

- Revises limits on the amount of NCUSIF-guaranteed debt that a corporate credit union can issue to the greater of: (1) 100 percent of maximum unsecured debt obligations outstanding from September 30, 2007, to September 30, 2008, limited to no more than $10 billion, (2) amount approved by the Office of Corporate Credit Unions not to exceed the greater of $100 million or 5 percent of liabilities and shares.
- Amends associated Agreements to include language that TCCULGP guarantees are ultimately backed by the full faith and credit of the United States Government.

The revised TCCULGP is open to all corporate credit unions. Corporates that wish to participate must execute a new TCCULGP Agreement. To ensure a particular debt obligation issued after June 30, 2009, is covered by the revised TCCULGP guarantee, creditors wishing to take advantage of the guarantee must:

- Ensure the corporate credit union has elected to participate in the revised TCCULGP;
- Ensure the debt obligation qualifies for coverage under the terms and conditions of the revised TCCULGP, and
- Obtain and record a confirmation, issued by the participating corporate credit union contemporaneous with the issuance of the debt obligation, that the credit union intends that particular obligation to be guaranteed by the NCUA.

A Fact Sheet with additional details on the revised TCCULGP is posted on NCUA's Corporate Credit Union Stabilization website http://www.ncua.gov/Resources/CorporateStabilization/index.aspx.

NCUA participants in Neighborworks® plants

From the left are Jessica Vogel (NCUA); Jackson Mueller; Larry Fazio (NCUA); Chris Revere; Board Member Gigi Hyland; Niki Kohn; John Woodson; Gary Kohn (NCUA); MaryAnn Woodson (NCUA); Dena Contompasis (NCUA); and Chrisanthy Loizos (NCUA).

June 6, 2009, SE Washington, D.C.— *Board Member Gigi Hyland, joined by NCUA staff, friends and family, takes part in NeighborWorks® Plants Day, a NeighborWorks® effort beautifying a local moderate- to low-income housing unit under renovation. Ms. Hyland represents NCUA on the Board of NeighborWorks® along with fellow members of federal banking agencies and HUD.*

NeighborWorks® Plants is part of National NeighborWorks® Week, a celebration of the accomplishments of the NeighborWorks® network in more than 4,414 urban, suburban and rural communities across the nation. It offers the opportunity to contribute to the remarkable transformation of distressed neighborhoods.

President Obama nominates Matz to NCUA Board

President Barack Obama announced his intent to nominate **Deborah Matz** to the NCUA Board on May 21, 2009, and upon confirmation to designate her chairman. Ms. Matz previously served on the NCUA Board from March 2002 until September 2005.

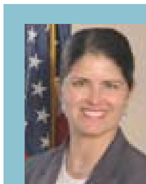
Formally nominated to the NCUA Board, June 1, 2009, Ms. Matz government experience is extensive. In addition to NCUA, she served as a Deputy Assistant Secretary in the U.S. Department of Agriculture, and she served on the Congressional Joint Economic Committee for many years. Most recently Matz was executive vice president and COO of Andrews Federal Credit Union in Maryland.

"The President's choice of Deborah Matz is a wise and sound one, a choice that speaks well both of Ms. Matz' past service and future promise," said NCUA Chairman Michael E. Fryzel. "When confirmed, she will assume the chairmanship of NCUA at a historic time marked by significant challenges. I extend every good wish and confidence in her abilities to carry out her responsibilities with distinction.

"The last ten months have arguably been the most difficult period in the first century of the credit union movement, and it has been a true privilege and honor to serve as NCUA Chairman. I have seen problems and moved to address them; I have seen uncertainties and tried to calm them; I have seen opportunities and worked to maximize them. And I have been inspired by the extraordinary dedication both of the NCUA staff and the professionals and volunteers in the industry that they serve.

"The stresses, difficulties and ultimately the successes of these days will not be easily forgotten. As we move into the next chapter of the story, I am hopeful that every facet of the credit union system be united by a common purpose to constantly improve and better not only the credit unions themselves, but most importantly the members upon whom they depend."

The U.S. Senate is expected to confirm Ms. Matz nomination within the next few months.



Board Member Hyland's statement on Deborah Matz nomination

May 22, 2009

"I commend President Obama's intent to nominate Debbie Matz as NCUA Chairman. I've had the honor of working with Debbie when she previously served on the NCUA Board and I look forward to working collaboratively with her as a colleague."

Vice Chairman Hood's statement on Deborah Matz nomination

June 2, 2009

"I would like to congratulate Debbie Matz on her nomination yesterday to the NCUA Board; I believe she will serve the agency very well and be a strong Chairman representing the best interests of America's credit unions. During my transition to become Vice Chairman of NCUA, Ms. Matz was extremely helpful and always offered an open line of communication as I assumed her previous position on the board of NeighborWorks® America. Ms. Matz has the leadership, knowledge and industry experience necessary for these difficult times. I am thrilled that President Obama has sent her nomination to the Senate; I truly believe she will advance the credit union mission and serve as a wonderful addition once again to the NCUA board."

NCUA News National Credit Union Administration

1775 Duke Street
Alexandria, VA 22314-3428