



For Details, Contact
NCUA Public &
Congressional Affairs
E-mail: pacamail@ncua.gov
Phone: 703.518.6330

National Credit Union
Administration
1775 Duke Street
Alexandria, VA 22314-3428
Fax: 703.518.6409

Media Advisory

FOR IMMEDIATE RELEASE

NCUA Approves Corporate Credit Union Loan Guarantee Program

October 16, 2008, Alexandria, Va. – The National Credit Union Administration Board today approved a temporary corporate credit union liquidity guarantee program that will operate from October 16, 2008, through June 30, 2009.

Effective October 16, 2008, the National Credit Union Share Insurance Fund (NCUSIF) is providing federally insured corporate credit unions with a 100 percent guarantee on new unsecured debt obligations, subject to terms detailed in the program.

The NCUSIF guarantee applies to new unsecured debt obligations issued by eligible corporate credit unions on or before June 30, 2009, and maturing on or before June 30, 2012. This includes promissory notes, commercial paper, inter-bank funding, and any unsecured portion of secured debt.

The amount of debt obligations covered by the guarantee per eligible corporate credit union may not exceed the greater of:

- (a) 100 percent of the eligible corporate credit union's maximum unsecured debt obligations outstanding during the period September 30, 2007 through September 30, 2008;
- (b) an amount determined by written approval of the director, Office of Corporate Credit Unions, with the prior concurrence of the director, Office of Examination and Insurance, not to exceed \$100 million; or
- (c) an amount determined by the NCUA Board.

All corporate credit unions are automatically covered for debt obligations issued through November 17, 2008. Corporate credit unions may elect to opt out of the program by providing notice to the Office of Corporate Credit Unions.

The NCUSIF will charge participating corporate credit unions a fee of 75 basis points per year on the outstanding balance of guaranteed debt obligations. The

program is similar to the “Temporary Liquidity Guarantee Program” announced by the Federal Deposit Insurance Corporation October 14, 2008, and is intended to provide corporate credit unions with competitive standing in the debt market.

"While this new Board action is directed at addressing corporate liquidity issues, I think it is important that natural person credit unions be fully aware of all of their options in this very tight and difficult liquidity situation, including the Central Liquidity Facility," said NCUA Chairman Michael F. Fryzel. "The standards for CLF borrowing are stringent, and our evaluation of requests will be thorough, but credit unions should know that their short-term liquidity needs can be addressed through CLF borrowings. I encourage all appropriate use of the CLF as another means to maintain liquidity and confidence in the credit union system during these uncertain times."

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 89 million account holders in all federal credit unions and the majority of state-chartered credit unions.

-NCUA-