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NCUA Media Advisory

Matz Statement on Stabilization Fund Assessment

June 17, 2010, Alexandria, Va. – National Credit Union Administration Chairman Debbie Matz made the following statement at today’s NCUA Board Meeting regarding the Board’s decision to assess federally insured credit unions a 13.4 basis point assessment for costs associated with the continuing losses in the corporate credit union system:

“As our agency continues to stabilize the corporate credit union system, we strive to be as transparent as possible. Therefore, today’s Stabilization Fund assessment should not come as a surprise. In fact, it falls within the range of our November projections.

“The Stabilization Fund allows us to spread out the cost of the corporate stabilization effort over the life of the fund, which currently has six years remaining.

“I understand that this is a challenging year and the assessment will negatively impact all credit unions.

“The decision to levy this assessment was not taken lightly. We considered numerous factors – including the liquidity needs of the Stabilization Fund, the additional pressure on natural-person credit union earnings, and the future consequences of foregoing the corporate assessment this year.

“Ultimately, the cost of the stabilization effort will be contingent on the performance of the underlying legacy assets held by corporate credit unions. We continue to allocate significant resources to minimize the cost to natural-person credit unions as much as possible.

“As we did in 2009, we will remind NCUA examiners to factor out the adverse impact of the assessment when evaluating and rating credit unions. NCUA will also be flexible in reviewing and approving each Net Worth Restoration Plan when it is required as a result of the assessment.

“Finally, please keep in mind, today’s assessment is only for the Corporate Stabilization Fund. This fall, we will consider an assessment for the National Credit Union Share Insurance Fund. In our deliberations, we will consider four factors:

- losses in the resolution of failed natural-person credit unions,
- trends in overall CAMEL codes,
- earnings on Share Insurance Fund assets,
- growth of insured shares.”

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, operates and manages the National Credit Union Share Insurance Fund, insuring the deposits of more than 90 million account holders in all federal credit unions and the majority of state-chartered credit unions. NCUA is funded by credit unions, not tax dollars.

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