

National Credit Union Administration  
1775 Duke Street  
Alexandria, VA 22314-3428  
[www.ncua.gov](http://www.ncua.gov)

Media Contact: NCUA Office of  
Public & Congressional Affairs  
Phone: (703) 518-6330  
Email: [pacamail@ncua.gov](mailto:pacamail@ncua.gov)



## NCUA Media Advisory

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# NCUA Repays \$10 Billion in Corporate Loans

*\$10 billion raised in sales of US Central and WesCorp performing assets*

*Next step is to securitize cash flow from legacy assets*

**October 13, 2010, Alexandria, Va.** – Using proceeds from selling performing assets of two formerly conserved corporate credit unions, the National Credit Union Administration yesterday repaid \$10 billion plus interest to the U.S. Department of Treasury.

NCUA raised \$9.5 billion by selling select assets from U.S. Central Federal Credit Union (U.S. Central) in Lenexa, Kansas, and Western Corporate Federal Credit Union (WesCorp) of San Dimas, California. These sales included securities backed by performing residential and commercial mortgages, credit card receivables, student loans and auto loans.

The proceeds allowed NCUA to repay a \$10 billion loan from the Treasury to NCUA's Central Liquidity Facility (CLF), which in 2009 transferred the \$10 billion to the National Credit Union Share Insurance Fund (NCUSIF) in order to lend \$5 billion each to U.S. Central and WesCorp. Those loans stabilized the two corporates while they were in conservatorship.

Future borrowings from the Treasury for corporate stabilization will be assigned to the Corporate Stabilization Fund.

“Paying off the \$10 billion in loans clears the balance sheets of both the CLF and the Share Insurance Fund,” said NCUA Chairman Debbie Matz. “This is a significant first step in NCUA's orderly corporate resolution process.”

The next step in the resolution is to begin securitizing cash flows from “legacy assets,” which are mostly impaired mortgage-backed securities from five corporates that currently are either in conservatorship or have been converted to asset management estates.

While the legacy assets will be transferred to securitization trusts, new securities matched to their cash flows will be sold in financial markets with an unconditional guarantee backed by the full faith and credit of the United States.

Starting this week, these NCUA Guaranteed Notes will be offered under the ticker symbol NGN. This initial offering is one of a series of similar transactions that NCUA intends to conduct in order to effect the corporate resolution plan.

“Since the NCUA Guaranteed Notes are backed by the federal government, similar to U.S. Treasury securities, these investments carry a zero risk weight and are permissible for credit unions,” said Chairman Matz.

*NCUA is the independent federal agency that regulates, charters and supervises federal credit unions. With the backing of the full faith and credit of the U.S. government, NCUA operates and manages the National Credit Union Share Insurance Fund, insuring the deposits of over 90 million account holders in all federal credit unions and the overwhelming majority of state-chartered credit unions.*

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