



## NCUA Media Release

---

# Matz Hails Passage of NCUA Amendments

*Improvements Will Encourage Mergers of Failing Institutions, Aid in Efficient Management of NCUSIF and Stabilization Fund*

**December 22, 2010 Alexandria, Va.** – National Credit Union Administration Chairman Debbie Matz commended Congress for today’s passage of S. 4036, which includes three technical amendments requested by NCUA to improve the administration of the National Credit Union Share Insurance Fund (NCUSIF) and Temporary Corporate Credit Union Stabilization Fund (Stabilization Fund).

“The amendments in S. 4036 significantly enhance the ability of NCUA to manage the NCUSIF and the Stabilization Fund in the most efficient way possible,” stated Chairman Matz. “Of particular note is the clarification of the application of an accounting standard that enables NCUA to provide capital assistance to a troubled credit union, thus encouraging merger with a healthy credit union. This change minimizes losses to the NCUSIF and benefits consumers by preserving continued credit union service through merger instead of liquidation. This legislation provides important tools to NCUA. Particular thanks are owed to Chairman Dodd, Ranking Member Shelby, Chairman Frank, Ranking Member Bachus and Chairman Kanjorski for recognizing the public policy benefits of these reforms.”

S. 4036 includes all three provisions Chairman Matz requested during her testimony to the Senate Banking Committee on December 9. In addition to facilitating emergency mergers, the legislation will:

- Clarify that the NCUSIF equity ratio is based solely on its own unconsolidated financial statements. This will eliminate any confusion about whether the NCUSIF is required to consolidate statements with the Stabilization Fund or with credit unions under conservatorship.

- Allow NCUA to repay expenditures from the Stabilization Fund without first borrowing from Treasury. This will save NCUA from making additional interest payments, which will reduce the cost of Stabilization Fund assessments to credit unions.

The bill also includes two studies: the Government Accountability Office will review the supervision of the corporate credit union system, and the Financial Stability Oversight Council will assess NCUA's implementation of prompt corrective action (paralleling a similar study of banking PCA mandated by the Dodd-Frank Act).

*The National Credit Union Administration (NCUA) is the independent federal agency that charters and supervises federal credit unions. NCUA, with the backing of the full faith and credit of the U.S. government, operates the National Credit Union Share Insurance Fund (NCUSIF), insuring the deposits of over 90 million account holders in all federal credit unions and the vast majority of state-chartered credit unions. NCUA is funded by credit unions, not tax dollars.*

**- NCUA -**