



## NCUA Media Advisory

# Fryzel Announces Extension of Temporary Corporate Credit Union Liquidity Guarantee Program

**May 21, 2009, Alexandria, Va.** - The National Credit Union Administration (NCUA) Board today 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:

<b>For debt with a maturity of:</b>	<b>The annualized assessment rate (in basis points) is:</b>
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

- 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 in the revised TCCULGP 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:

- 1) Ensure the corporate credit union has elected to participate in the revised TCCULGP;
- 2) Ensure the debt obligation qualifies for coverage under the terms and conditions of the revised TCCULGP, and
- 3) 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 being posted today on NCUA's Corporate Credit Union Stabilization website  
<http://www.ncua.gov/Resources/CorporateStabilization/index.aspx>.

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

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