

FACT Sheet

Temporary Corporate Credit Union Share Guarantee Program

On January 28, 2009, the NCUA Board announced the Temporary Corporate Credit Union Share Guarantee Program (TCCUSGP). This document summarizes the TCCUSGP and provides public notice of the specific terms and conditions applicable to the TCCUSGP.

Summary.

The TCCUSGP consists of two parts:

- an immediate, temporary guarantee by the National Credit Union Share Insurance Fund (NCUSIF) of all shares at all corporate credit unions through February 28, 2009.
- an extension of the share guarantee from February 28, 2009, through December 31, 2010. Each corporate credit union must decide, voluntarily and by February 27, 2009, whether it wants to participate in the TCCUSGP extension through December 31, 2010. On February 28, 2009, NCUA will post on its website a list of those corporate credit unions that decide to participate in the TCCUSGP through December 31, 2010.

The guarantee provides members who have NCUSIF-insured share accounts at corporates with excess coverage above the NCUSIF insurance limits. The NCUSIF guarantee applies to all share amounts above \$250,000, and the NCUSIF insurance coverage applies to all share amounts below \$250,000. The net effect is that during the period of the guarantee the *entire* share account will be treated by the NCUSIF as if it was insured. The specific terms and conditions of the guarantee follow.

B. Terms and Conditions Applicable to the TCCUSGP.¹

1. TCCUSGP Guarantee. The NCUA Board has determined that the NCUSIF will guarantee 100% of a participating corporate credit union's excess shares, as defined below, from January 28, 2009 through December 31, 2010.

2. Excess shares. The term "excess shares" means any shares in a qualifying share account that are in excess of the Standard Maximum Share Insurance Amount

¹ These terms and conditions apply to a corporate credit union that decides to participate in both parts I and II of the TCCUSGP. If a particular corporate credit declines participation in part II, the same terms and conditions apply to that corporate credit union, except that everywhere the date "December 31, 2010" appears in this document, it should be replaced with the date "February 28, 2009."

("SMSIA") on the date of the participating corporate credit union's liquidation. The SMSIA is currently \$250,000 through December 31, 2009, and reverts to \$100,000 after that date.

3. *Qualifying share account.* The term "qualifying share account" means any account which qualifies for NCUSIF share insurance coverage under Part 745 of NCUA's regulations. 12 C.F.R. Part 745. The term "qualifying share account" does not include capital accounts, such as Member Capital and Paid-in Capital accounts, or obligations that are not share obligations. Some corporate obligations that are not share obligations may be guaranteed under a different NCUA program, such as the Temporary Corporate Credit Union Liquidity Guarantee Program ("TCCULGP"). For example, notes issued under the Credit Union System Investment Program ("CU SIP") and the Credit Union Homeowners Affordability Relief Program ("CU HARP") are not share obligations but are covered by this separate TCCULGP guarantee.

4. *Payments by NCUSIF on guaranteed excess shares.*

- a. In general. The NCUSIF obligation to pay holders of guaranteed excess shares arises only upon the liquidation of the participating corporate credit union. The NCUSIF will pay on its excess share guarantee obligation at the same time it pays on its statutory share insurance obligation. Payment on excess shares is subject to the same terms and conditions, including proof of claim, appellate procedures, and judicial review, as NCUSIF payments on share insurance. See 12 C.F.R. Part 745. Upon payment of any excess shares, the NCUSIF will be subrogated to the rights of the excess share holder against the corporate credit union's estate to the extent of the payments made.
- b. Liquidation after December 31, 2010. The NCUSIF guarantee of excess shares expires on December 31, 2010. For liquidations that occur after December 31, 2010, the NCUSIF will not pay upon its excess share guarantee unless the claimant clearly establishes:
 - (1) The claimant had excess shares in the corporate credit union before December 31, 2010;
 - (2) The claimant made written demand upon the corporate credit union for payment of these excess shares and delivered that demand to the corporate credit union on or before December 31, 2010; AND
 - (3) The corporate credit union did not honor the written demand.

5. Termination.

- a. The NCUA Board may terminate a corporate credit union's participation in the TCCUSGP at any time and at the Board's discretion. Termination will be by written notice issued to the corporate credit union and published on NCUA's website, and the termination will be effective seven days after publication. The TCCUSGP guarantee will continue (through December 31, 2010 or maturity, whichever occurs first) on any of the corporate credit union's qualifying excess term shares issued before the effective date of termination.
- b. A participating corporate credit union may not terminate its participation in the TCCUSGP.

C. Authority.

The NCUA Board is implementing the TCCUSGP under the authority provided the Board by §§120(i), 203(a), 208(a), and 209(a)(7) of the Federal Credit Union Act.

D. Additional Information.

For further information about the TCCUSGP, please contact the NCUA Regional Office for the area in which you are located. See

http://www.ncua.gov/Aboutncua/ncua_directory.html.

