



NCUA Media Advisory

Matz Shares Progress toward Corporate Resolution Plan

March 23, 2010, Alexandria, Va. – National Credit Union Administration Chairman Debbie Matz today said NCUA aims to announce a plan to remove corporate credit unions’ “legacy assets” by the end of June.

Speaking to nearly 100 officials at the Missouri Credit Union Association’s 2010 Advocacy and Business Meeting in Jefferson City, Chairman Matz revealed that after months of effort, NCUA is “close to proposing a plan that would remove the riskiest legacy assets from ongoing corporates, while carrying forward the most valuable pieces of the corporate system. The plan would empower retail credit unions to choose which corporates they will support. And it would ensure that those corporates begin with clean balance sheets.”

If the plan proceeds as NCUA envisions, Matz added, “It could even allow retail credit unions to recover future earnings from legacy assets that out-perform current loss projections.”

However, Matz reminded, “the plan is very much a work in progress. Our team is still working to answer a multitude of questions about underwriting, funding, accounting, and much more.”

As Matz acknowledged, “There is no easy way to un-bundle over \$50 billion worth of long-term assets, repackage them into marketable bonds, and move them from corporates’ balance sheets without realizing the losses. This effort is so huge – and so important – that we are dedicating 20 of our top staff to work on it.”

Like credit union stakeholders, Matz related, “I want to unveil NCUA’s plan to resolve the issues as quickly as possible. But I do not want to rush this critically important process. So I’m asking credit unions to please bear with us until we are sure we have the best possible answers. Our team is cautiously optimistic that a comprehensive resolution plan will be brought to the NCUA Board by the end of June.”

In the meantime, NCUA is also reviewing over 800 comment letters on the agency's proposed rule to strengthen corporate credit union regulation.

“Based on the comment letters,” Matz assured, “we will not move forward with a final corporate rule until *after* we announce the plan for legacy assets. While the legacy assets plan will ensure that corporates *begin* with clean balance sheets, the final rule will ensure that corporates *maintain* those clean balance sheets. When the new safeguards are refined and implemented, corporates will be much better positioned to protect retail credit unions' hard-earned capital.”

Full text of Matz's speech is posted at: [click here](#).

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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