



## **NCUA Media Release**

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# **Estimated Range of Future Stabilization Fund Assessments Narrows**

## ***NGN Program and Corporate System Resolution Costs Webpages Updated***

**ALEXANDRIA, Va. (June 29, 2012)** – Today, the National Credit Union Administration (NCUA) updated and expanded the webpages that increase public awareness of the costs of the Corporate System Resolution and the performance of the NCUA Guaranteed Notes (NGN) Program. The refreshed material contains updated projections of future, long-term total assessments for the Temporary Corporate Credit Union Stabilization Fund (Stabilization Fund).

“When launching the Corporate Resolution System Costs and NGN Program Information webpages six months ago, NCUA committed to periodically updating the estimates of projected corporate losses, which will change over time. The latest estimates show that the range of future Stabilization Fund estimates has narrowed,” said NCUA Board Chairman Debbie Matz. “The estimated range of losses is now between \$2.7 billion and \$6.0 billion. The narrower range of projected remaining assessments reflects the actual performance of the legacy assets to date and BlackRock’s updated assessment of the macroeconomic factors used in projecting future performance.”

### ***Updated Estimates of Projected Corporate Losses Now Available***

The analysis released today shows that the estimated range of future Stabilization Fund assessments narrowed between June 30, 2011, and Dec. 31, 2011. NCUA uses BlackRock, an independent securities valuation firm, to project the future performance of the legacy assets in the NGNs, a key component of this analysis.

Under the updated estimates, credit unions will be responsible for paying over the life of the Stabilization Fund (which expires in 2021) between \$2.7 billion and \$6.0 billion in future assessments to cover anticipated corporate losses. The estimate six months earlier had projected a net range of future assessments between \$1.9 billion and \$6.2 billion.

The narrowing of the range of estimated corporate losses and future Stabilization Fund assessments at both the low and top ends results from changing economic and market conditions. Forecasting borrower behavior and changes in the economic environment is challenging. Factors influencing the estimated range include changes in housing prices, interest rates, unemployment rates, and mortgage prepayments.

The updated range also includes the net proceeds from legal recoveries that NCUA had received from Wall Street securities firms as of Dec. 31, 2011. By lowering the cumulative total costs of losses of the Stabilization Fund, these recoveries help reduce the assessments that credit unions will need to pay over time.

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Although NCUA has updated the range of the Stabilization Fund loss estimates, the projected range of 2012 Stabilization Fund assessments—between 8 and 11 basis points of insured shares—remains the same. The NCUA Board anticipates setting the 2012 Stabilization Fund assessment at the open Board meeting scheduled for July 24.

**NCUA Posts Corporate System Resolution Costs and NGN Program Information**

NCUA released the Corporate System Resolution Costs and NGN Program Information micro-websites late last year. Contained within [www.ncua.gov](http://www.ncua.gov), these webpages convey complex information about both programs in simple, easy-to-understand terms.

In addition to the latest estimate of the range of projected corporate losses, the webpages now incorporate updated and expanded material, such as:

- Background on NCUA’s borrowings from and payments to the U.S. Treasury associated with the Stabilization Fund;
- Information on the projected performance of the NGN Program’s legacy assets, which are the distressed investment securities from the five corporate credit unions that failed in 2009 and 2010;
- Details about the performance of non-agency, residential mortgage-backed securities in the legacy assets, including delinquency rates, state concentrations, and year of issuance;
- Graphics on the Stabilization Fund’s net position, compared to anticipated remaining assessments; and
- Frequently asked questions about both initiatives.

NCUA will continue to publish updated information on the Corporate System Resolution and the NGN Program semi-annually over the life of the Stabilization Fund. The webpages are available at [www.ncua.gov](http://www.ncua.gov) by going to the tab on “Credit Union Resources and Information” and then clicking on the links for “Corporate System Resolution Costs” and “NGN Program Information.”

*NCUA is the independent federal agency created by the U.S. Congress to regulate, charter, and supervise 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 more than 92 million account holders in all federal credit unions and the overwhelming majority of state-chartered credit unions.*

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