

**Voluntary Prepayment of Assessments
Terms and Conditions of the Program**

1. *Eligible Credit Unions.* Participation is voluntary. All federally insured credit unions are eligible to participate provided the commitment conditions are met (see item #4 below).
2. *Interest Rate on Prepaid Balance.* The interest rate is zero. Participating credit unions would not receive any interest or any other form of compensation from NCUA in connection with the Program.
3. *Program Funding Goal.* The goal for the aggregate level of prepaid assessments is \$500 million.
4. *Commitment and Collection Process.*

A. Program Timeline.

Date	Action
June 29, 2011	NCUA Board approval of the Program.
June 30, 2011	Letter to Credit Unions to explain Program and provide Program forms and instructions.
July 29, 2011	Program agreement forms must be received by NCUA.
Aug. 9, 2011	NCUA emails credit unions that submitted Program agreements about results of aggregate commitments.
Aug. 18, 2011	If the required minimum volume is met, then NCUA will process a direct debit of the credit union's account through Pay.Gov.

B. Individual Credit Union Minimum and Maximum Prepaid Amount. The minimum commitment for an advance is the greater of \$1,000 or 5 basis points of insured shares as of March 31, 2011. The maximum advance amount is 48 basis points of insured shares as of March 31, 2011. Participating credit unions can submit commitments for any amount between the minimum and maximum level.

C. Program Agreement form. Credit unions choosing to participate need to complete and sign the Program Agreement posted at www.NCUA.gov which (a) documents the credit union's agreement to the terms of the Program, (b) indicates the amount of the advance the credit union is committing to, and (c) provides consent for NCUA to electronically withdraw the amount of the advance from the credit union's designated account. Credit unions need to ensure a current *Authorization Agreement for Electronic Funds Transfer Payments* form is on file with NCUA. **NCUA must receive the Program agreements by Friday, July 29, 2011.** Program agreement forms may be submitted by email or regular mail to:

BAM Attachment One

Email (preferred method):	ncusifach@ncua.gov , using the subject line "Prepayment of Assessments"
Fax:	(703) 837-2400, Attention "Prepayment of Assessments"
Mail:	National Credit Union Administration Attention: OCFO - Prepayment of Assessments 1775 Duke St., Alexandria, VA 22314-3428

D. Program Results Notification. Credit unions that submit Program agreements will be notified by email no later than Tuesday, August 9, 2011, of NCUA's acceptance of the agreement if the \$500 million participation level is achieved. **If the \$500 million participation level is met or exceeded, NCUA will pro-rata allocate each credit union's subscribed amount so only \$500 million is collected, and then process a corresponding direct debit of each participating credit union's account through Pay.Gov on Thursday, August 18, 2011.** If the minimum aggregate amount is not achieved, credit unions that submitted a Program agreement will be notified by email that the Program's participation level was not achieved and no further action will be taken.

5. Application of Prepaid Balance to Future Assessments. NCUA will apply the Program amounts as offsets against regular Stabilization Fund assessments for the years 2013 and thereafter. If the balance of the advance account exceeds the amount due under the first assessment invoice issued by NCUA in 2013, the NCUA would deduct the excess amount from Stabilization Fund assessments in subsequent years until the balance of the credit union's advance account is reduced to zero. In the event the credit union has a remaining prepaid balance at the end of the life of the Stabilization Fund (June 2021), NCUA would return the balance to the credit union in the manner described above would be guaranteed by the NCUA and backed by the full faith and credit of the United States. In the event a participating credit union merges with another institution, the account balance would belong to the continuing institution; or in the event of liquidation would belong to the liquidation estate. In no event, however, could a credit union or its merger partner or its liquidation estate redeem the Program account balance other than at the time and in the manner described above. In addition, neither the credit union nor its successors would receive any interest or other compensation in exchange for Program balances. Other than as described above, Program advances would not be redeemable by the credit union or successor institution.

6. Treatment of Program Balances for Risk Based Net Worth. Program balances are classified as a low-risk asset for computation of the Risk Based Net Worth Requirement. As such, a field to report outstanding voluntary prepaid balances will be included on the September 30, 2011, Call Report.