



Year	Projected Stabilization Fund Assessment	Actual Stabilization Fund Assessment	Projected Share Insurance Fund Premium	Actual Share Insurance Fund Premium
2010	5-15 bps	13.4 bps	10-25 bps	12.42 bps
2011	20-25 bps	25.0 bps	0-10 bps	0 bps
2012	8-11 bps	9.5 bps	0-6 bps	0 bps
2013	8-11 bps	8.0 bps	0-5 bps	0 bps
2014	0 bps	0 bps	0-5 bps	0 bps
2015	0 bps	TBD	0-5 bps	TBD

### **Stabilization Fund Considerations**

The Stabilization Fund and the NCUA-Guaranteed Notes (NGN) program saved thousands of credit unions from failing in the wake of the corporate crisis.

In addition, NCUA has secured more than \$1.75 billion in legal recoveries against Wall Street firms that sold faulty securities to five failed corporate credit unions. Without NCUA's legal recoveries, the surviving credit unions would likely still be facing further assessments.

NCUA continues to vigorously pursue legal actions to hold firms accountable for selling faulty securities or acting as trustees for faulty securities that were bought by corporate credit unions.

For detailed information on NCUA's strategies and results of managing the legacy assets of failed corporate credit unions, please visit these websites:

#### *Corporate System Resolution Costs*

<http://www.ncua.gov/Resources/Corps/RCost/Pages/default.aspx>

#### *NGN Program Information*

<http://www.ncua.gov/Resources/Corps/NGN/Pages/default.aspx>

The latest analysis suggests that the net projected remaining assessments for the corporate resolution program will total between negative \$2.2 billion and negative \$0.2 billion.

**Now that the projected assessment range is a double-negative, it's a *positive* for credit unions. It means even after paying back the United States Treasury, the NGN investors, and all other obligations, the Stabilization Fund is projected to conclude with a surplus.**

Stabilization Fund Projections (Figures in Billions)	Previous Estimate (Q4 2013)	Current Estimate (Q2 2014)
Range of Total Projected Assessments	\$2.8 to \$4.2	\$2.6 to \$4.6
Assessments Paid to Date	(\$4.8)	(\$4.8)
Net Projected Remaining Assessments	-\$2.0 to -\$0.6	-\$2.2 to -\$0.2

The lower end of the assessment range (negative \$2.2 billion) represents the assessment projected under both a favorable future credit environment and valuation method. The upper end

of the assessment range (negative \$0.2 billion) represents the assessment projected under both an unfavorable future credit environment and a more conservative valuation method.

As long as both ends of the range remain negative, there will likely be no need for future assessments. While NCUA estimates that there may be funds remaining after all obligations have been repaid, the Treasury debt must be fully repaid before any remaining funds on hand would be distributed to credit unions. This is not likely to occur prior to expiration of the Stabilization Fund in 2021.

It is important to note that the assessment range is generated using projected legacy asset cash flows. NCUA expects to receive these cash flows over time, but they have not been realized and could vary significantly from projections.

### **Share Insurance Fund Considerations**

The Share Insurance Fund remained at the 1.30 percent normal operating level as of September 30, 2014. After December 31, NCUA will transfer any equity in excess of the 1.30 percent to the Stabilization Fund, as required by statute.

The following factors will drive the Share Insurance Fund's equity ratio in 2015:

- Growth in insured shares,
- Yield on Share Insurance Fund investments, and
- Cost and pace of credit union failures.

In the event of a very large credit union failure, actual premium needs in 2015 could vary from the projected range.

### **Accounting Considerations**

While NCUA provides this information to assist credit unions in planning for the following year, any actual assessment or premium level would be determined by the Board when declared, and could vary from projections based on a variety of factors.

***Credit unions should not expense any assessment or premium until actually declared by the NCUA Board, nor use the projection as the basis for any accruals of future expenses.***

If you have any questions related to this letter, contact NCUA's Office of Examination and Insurance (703-518-6360 or [EIMail@ncua.gov](mailto:EIMail@ncua.gov)).

Sincerely,

/s/

Debbie Matz  
Chairman