



Research & Information TIPs Release

June 2, 2009

TIPS BULLETIN #09-32

To: All Credit Unions
Subject: S. 896 Signed into Law

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President Obama signed into law S.896, the Helping Families Save Their Homes Act of 2009. The legislation includes the following credit union provisions:

- Extends the \$250,000 deposit insurance protection to December 31, 2013;
- Enables credit unions to spread the cost of corporate stabilization (i.e., the 69 percent NCUSIF deposit impairment) over seven years;
- Extends to eight years the restoration period when the NCUSIF equity ratio falls below 1.20 percent. This provision applies to the 0.30 percent premium assessment that would return the Insurance Fund to an equity ratio of 1.30 percent;
- Increases NCUA borrowing authority to \$6 billion; and
- Establishes \$30 billion NCUA emergency borrowing authority.

The League has received questions from credit unions regarding what kind of payments NCUA can make from the Stabilization Fund. The Act states:

“Money in the Stabilization Fund shall be available upon requisition by the Board, without fiscal year limitation, for making payments for the purposes described in section 203(a) [*Note: a reference in the FCU Act referring to the creation and purpose of the NCUSIF*], subject to the following additional limitations:

- (1) All payments other than administrative payments shall be connected to the conservatorship, liquidation, or threatened conservatorship or liquidation, of a corporate credit union.”

With this legislation, there are many questions that need to be answered. The League is working to get answers to these questions. In addition, NCUA will also be providing information and details on this process.

NCUA to Host Webinar on June 24:

The NCUA Board plans to determine how it will implement the provisions of the corporate CU stabilization plan at its June 18 meeting. In its weekly corporate update, the agency announced that it will hold a webinar on Wednesday, June 24 to discuss what actions the NCUA Board took at the June meeting and to present guidance to the industry. As of now, no details have been released about the implementation plan or how to register for the webinar. [Click here](#) for the latest corporate credit union update release.



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Questions:

Look for more information to come regarding the details for credit unions to spread these costs out. In the meantime, if you have questions on any of this information, please call the League's R & I hotline at 877.243.5728.

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