



To: Members of State Department Federal Credit Union

From: The National Credit Union Administration Board

Subj: Credit Union Stabilization

On January 28, 2009, the Board of the National Credit Union Administration (NCUA) acted to stabilize a part of the credit union system that is under stress due to the dislocations in the mortgage market. These actions resulted in all federally insured credit unions being required to write-off a portion of their deposit in the National Credit Union Share Insurance Fund (NCUSIF), and the assessment of a premium in order to maintain a robust and strong federal insurance fund for credit union members.

NCUA is committed to protecting your funds in a federally insured credit union, and will continue to take all steps necessary to preserve a safe and sound credit union industry.

These difficult economic times are affecting all financial institutions, including credit unions, particularly in the area of earnings. Your credit union has information available that will clearly detail the impact that the insurance assessment may have had on your credit union's earnings. It will enable you, as a member-owner, to get a better picture of the financial condition of your credit union.

It is important to remember that your funds in a NCUSIF-insured credit union are backed by the full faith and credit of the United States Government, up to at least \$250,000 per account.

If you have questions, please talk to your credit union or visit the NCUA website at www.ncua.gov.