



Expedited Credit Union Dividend Approval Procedures for 2009

TO: Credit Union Management and Boards of Directors

FROM: Georgia Department of Banking and Finance

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As you are probably aware, the NCUA has announced that natural person credit unions will be assessed an NCUSIF premium of .30% on insured deposits (using a deposit insurance level of \$100,000 rather than the \$250,000 deposit insurance level) in order to recapitalize the deposit insurance fund for losses related to U.S. Central FCU and Western Corporate FCU.

As a result of this assessment, many credit unions which otherwise would have positive earnings performance will have negative earnings performance in 2009 after adjusting earnings for this deposit insurance assessment. The Department has determined that in order to expedite the dividend approval process, the Department will establish expedited dividend approval procedures for 2009.

Any credit union with a net worth ratio of **10%** or greater and an ROA of **.20%** or greater, **excluding** the impact of the deposit insurance assessment related to the recapitalization of the corporate system, will be deemed to be approved by the Department to pay dividends, unless under an administrative action requiring regulatory dividend approval or unless otherwise informed by the Department that they are subject to specific approval.

These expedited criteria are assuming that the credit union is paying a market level dividend that is reasonably comparable with previous dividends paid and with the credit union's market competitors. Credit Union's proposing to pay bonus dividends or unusually high dividends relative to previous periods should contact the Department.

Credit unions which fall below either of these thresholds should file a dividend approval form with the Department. The Department will give every consideration in reviewing reasonable market based dividends under these circumstances, provided such approval is not inconsistent with the financial and capital position of the credit union.

These requirements are for 2009 and are subject to review and modification in future periods.