

Your Finances. Our Promise.

Baltimore County Employees
Federal Credit Union

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Dear Fellow Members,

As you know, the National Credit Union Administration (NCUA) charters and supervises all federal credit unions. NCUA, with the backing of the full faith and credit of the United States Government, operates and manages the National Credit Union Share Insurance Fund—insuring the deposits of nearly 89 million consumers in more than 8,000 consumer credit unions, such as the Baltimore County Employees Federal Credit Union. The NCUA is funded by its member credit unions, not federal tax dollars.

In addition, there are twenty-eight “corporate credit unions” in operation throughout the country. Corporate credit unions provide investment, lending, and check and electronic payment processing services to consumer credit unions. The deposits of consumer credit unions in corporate credit unions are also afforded insurance coverage by the National Credit Union Share Insurance Fund (Insurance Fund).

On March 20, 2009, NCUA placed two corporate credit unions, U.S. Central Federal Credit Union, Lenexa, Kansas, and Western Corporate (WesCorp) Federal Credit Union, San Dimas, California, into conservatorship. This action was taken after NCUA determined that unrealized losses in their mortgage related investments exceeded their total capital reserves.

The unrealized investment losses and the placement into conservatorship of the corporate credit unions by NCUA have resulted in an unfunded liability for the Insurance Fund. Therefore, the NCUA has imposed an assessment on all member credit unions to fund the liability. The amount of the NCUA assessment on the Baltimore County Employees Federal Credit Union is estimated to be about two million dollars. According to generally accepted accounting principles, the assessment must be recognized as an insurance expense in 2009.

With more than \$25 million in capital reserves and continued growth in membership and assets, your Credit Union is well positioned to pay the assessment which will help to maintain a strong federal Insurance Fund for all credit union members. And, despite the assessment, you can be assured that your deposits remain insured up to \$250,000 and we will continue the same high level of service you have been accustomed to.

We take great pride in helping with *Your Finances* and it is *Our Promise* to serve you, our loyal members, for many years to come.

Sincerely,

Douglas L. Burgess
President of the Board of Directors

David P. Hagar
Credit Union Manager

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