



February 13, 2009

Mary Rupp
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, Virginia 22314-3428

Dear Ms. Rupp :

In response to the NCUA Corporate Stabilization Program I have many areas of concern.

In a wonderful healthy economy the impact to our bottom line with this program is devastating. A decrease of .62% will have us hard pressed to even have a positive bottom line and that is only if there are no other issues throughout the next year. In today's financial climate, it is the kiss of death to many credit unions.

There is not a day that goes by that we do not get some bad news from our members. They have lost their jobs, they are facing reduced incomes relative to cutbacks at their jobs, they have been laid off, they have filed bankruptcy. I feel certain H-F Credit Union isn't the only one facing these challenges. When these things occur in our Credit Union, we need to set aside Provisions for Loan Losses. We have reduced income related to this default, and sometimes collection or lawyer costs too.

Tightening our belts and cutting back has been top priority for us over the last six months. We have a wage freeze, we have cut employee hours and paid holidays, we have closed on Wednesdays to cut expenses and we keep minimal lights on in our office. Dividend rates have been reduced to next to nothing. Expenses have been examined line by line to cut wherever possible.

Our variable rate home equity mortgages are going to re-price in March 2009 and this is going to reduce our income further. If we look to invest in certificates of deposits, to help offset this income decline, current rates (at our Corporate) allow little in the way of income.

CREDIT UNION

We need to add services such as bill pay and update our home banking product to make it viable and accessible to members. We need these services just to remain competitive in the financial market place. These services don't add revenue but they cement the relations with current members and keep them from going to our competitors. How will we be able to do this?

We have increased our fee schedule and there is little opportunity to increase our fee income. Becoming exceedingly heavy handed with fees is so contrary to the whole core of credit union philosophy. Do we ignore this and pile on the fees to our members?

I understand the need to *help* the Corporate CU's. I use the Members United Corp on a daily basis for many of our operations. I *do object* to helping them to the point it hurts us so drastically.

- 1) There needs to be a concession on the timeframe needed to replenish the NCUSIF funds. If we had three years that would help, five years would be even better.
- 2) I would be willing to place a long term Certificate of Deposit at Our Corporate to bolster their liquidity. This would be an investment on our books and not an expense to our bottom line.
- 3) I would like to see if there are other funds available to help fund this problem. (TARP ISIP...)
- 4) Natural person credit unions are going to face challenges never seen before with the unemployment rate rising monthly. We are going to need help facing the delinquency, and the default rates we will be seeing this year. We don't need additional expenses from a larger entity that was completely out of our control. This leaves us no room on our bottom line for our members and their needs.
- 5) We will need guidance on operating in the red. We have never faced this situation and now it is being forced on us. I am not sure how to handle normal expenses we have, and our dividends to our members.
 - a. We have already cut share dividends; there is little wiggle room in that sector.
 - b. We have certificates of deposits that we have agreed to pay our members. How can we keep our members and their shares if we are unable to pay their expected dividends?
- 6) Credit Unions need a source of help for their failing home equity loans. Instead of making more demands of Credit Unions and their bottom lines, someone needs to find a way to ease the problems and challenges that we are facing. The banks and mortgage companies have gotten bail outs but Credit Unions just get the bill.
- 7) I realize Generally Accepted Accounting Practices don't allow transfers from reserves for current expenses. Perhaps it is time to look at the GAAP and realize that these are not generally accepted times. Perhaps there need to be concessions in the event of a depression (which we



are currently in). Perhaps there needs to be a concession before we face complete economic failure as a nation.

I know there are greater financial minds working on this than I. I hope and pray that some resolution to this can be reached that helps fix the problem without creating a worse one. I feel that the NCUA Corporate Stabilization Program as it stands will hurt beyond repair the credit union movement as we know it.

Sincerely,

Christine M. Dickover
President

cc Daniel A. Mica
CUNA President and CEO

cc Steve Olson
Executive Vice-President General Council
ICUL Service Corporation