

Jordan, Sheron Y

From: alfredl@optonline.net
Sent: Tuesday, March 03, 2009 9:16 AM
To: _Board Mail
Cc: _PACA Mail
Subject: Re: Response to NCUA's Corporate CU strategy

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> NCUA Board, The unprecedented liquidity problem on
> approximately \$18 billion of the Corporates' downgraded
> securities are unrealized losses and as you stated in letter 09
> CU 02 the exposure is difficult to define. The action NCUA has
> undertaken, Temporary Corporate Credit Union Liquidity Guarantee
> Program, authorization of the CLF's full statutory borrowing gap
> and the CU SIP & CU HARP have all been to reduce reliance on
> borrowings from outside the credit union system. However, we
> are not outside the financial system, we are an integral part of
> the 'system'. The regulatory and functional structure
> of the Corporate system has failed. The Corporate Credit Union
> structure is outdated, during the 1980's the Corporates
> underwent consolidation due to limited resources with
> insitution failures. The 3 tier system with 26 regionals is
> cumbersome and costly. Stream-line with a 2 tier system, one
> Corporate for each region, with increased efficacy for the
> necessary oversight and transparency, and hopefully replace
> failed management. (We don't need to replicate the arcane bank
> bailout). CU's have shown their ardent ability to maintain
> sufficient capital during this unprecedented financial
> situation, they should not be punished for the regulatory
> failure and management decisions that were partially responsible
> for the current financial condition of Corporates. NCUA has
> the option to go outside the CU system for the short term
> assistance they require. The guarantee you are attempting to
> impose on the natural person (retail) credit unions has the
> potential of undermining the credit union movement which has
> been and still is a vital cog in the financial survival of many
> citizens in this country. Alfred Lewis, NEFCU member and
> volunteer (1000 Corporate Dr., Westbury, NY).
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