

From: Mike Stevens [MStevens@mwfcu.org]
Sent: Thursday, April 02, 2009 12:37 PM
To: _Regulatory Comments
Subject: Mike Stevens - Comments on Advanced Notice of Proposed Rulemaking for Part 704

National Credit Union Administration

April 2, 2009

Response to Advance Notice of Proposed Rulemaking and Request for Comment (ANPR)

To Whom It Concerns:

This letter is a response to the request for comment.

Overall, the advance notice document appears to reflect an underlying assumption that the corporate system as currently structured contains systemic flaws that require a comprehensive restructuring to properly address. I am concerned inadequate attention has been given to examining underlying assumptions. Do the facts adequately support the assumption that comprehensive restructuring is needed?

Consider that the corporate credit unions can be divided into two basic groups, those that incurred excessive risk and did not adequately consider the possibility and ramifications of a significant economic downturn, and other corporate credit unions that did not undertake such risks.

Given the two basic types of corporate credit unions, I encourage the NCUA to consider the following questions:

- What is, or are, the fundamental difference(s) that prevented some corporate credit unions from undertaking excessive risk, while encouraging or allowing others to do so? Which characteristics explain the difference(s)?
- Would a thorough understanding of the differences prove useful in crafting a response to the current environment?
- Is a comprehensive solution optimal for the credit union industry when some corporate credit unions evidenced prudent management, while others did not?
- What is the risk in crafting a response before a thorough understanding is gained of why some corporate credit unions are not a risk, while others present a risk to the entire industry?

I encourage NCUA to take the time and make the effort necessary to gain a complete understanding of exactly what happened at both types of corporate credit unions before undertaking to solve the problems that confront the industry. Doing so is the prudent thing to do. Not doing so is to risk engaging in the same behavior that has led to the current challenges we face. That is, taking action under a less than thorough grasp of the risks we face.

The current approach seems to contain the risk of rushing to a judgment that will result in a less than optimal structure and leave credit unions further weakened.

Thank you,

Michael F. Stevens, CEO
MidWest Financial Credit Union
Ann Arbor, Michigan

Mike Stevens, CEO
MidWest Financial CU
734 769 4427

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