

March 27, 2009

To Members of the NCUA Board:

As the representing Body of KUE Federal Credit Union we wanted to address concerns and issues we have with the handling of the Corporate Stabilization Plan.

First we want to express that we are **true believers** of the credit union movement and fully support it. That is why we are so very concerned about the actions and behaviors of its governing body and are astounded at the lack of accountability of the guilty parties which brought us to this point!

Here are the main concerns we feel that need to be addressed and answered to Member Credit Unions.

1. Full disclosure from the NCUA---the PIMCO audit and evaluation of the value of the holdings in the corporate network if not to the public at least to the assessed credit unions governing bodies. The lack of transparency is disgraceful; each of you would not take care of one of your children's mistakes without knowing the details first. This is all we are asking for!
2. The corporate network should be held accountable, absorbing part of these losses from its own reserves and capital (we understand there is \$4B set aside for such losses) like a loan allowance account. At least set this up as a loan so the innocent will be reimbursed in the long term.
3. The confidence of the Natural Person credit unions is suffering from a loss of trust from its membership from the actions taken to help the corporate network. The load of the relief to the corporate network is being held by the Natural person credit unions not shared by the responsible parties. This has caused very sound institutions forecasting negative incomes for 2009 and significant depletion of member's capital. This is always a warning sign to membership!

The situation in the economy should be an opportunity for the Credit Union Movement, and is being squandered by leadership or lack of leadership! A situation such as this brings out the best or the worst in every person and organization. We have seen (we hope) the worst with the corporate network and how it was handled, now lets show the best. Be more transparent to the member credit unions, let the guilty if not absorb their errors fully at least share in it now and pay back in the future. And lets take care of our opportunity and responsibility to the Natural Person Credit Union, go directly to the people and let them know how sound we are; as a movement. The core of the movement is the small credit unions who can't afford to do it on their own (which are absorbing the cost of the few) so do it as a movement, let them know we are here and able and willing to lend. This will enable all to benefit and should be the approach whenever growth is needed! The Movement has always been about Members Helping Members and this will be the way we can solve this issue as well.

KUE FCU Board of Directors