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It's friends, family and you!

March 5, 2010

Board of Directors
National Credit Union Administration
1775 Duke Street
Alexandria, Virginia 22314-3428

Dear Directors,

Thank you for taking the time to listen to my thoughts and concerns regarding the proposed regulations of corporate credit unions. The effects of the downturn in the economy and real estate market and its subsequent erosion of the mortgage backed security market are well documented. The write down of securities has obviously hurt the corporate credit unions and natural person credit unions alike, but the individual members of credit unions have been harmed as well.

While it does not show up on the member's account statement like it does the balance sheets of the corporate and natural credit unions, the net effect is real. These write downs are causing credit unions to look for more ways to improve their bottom line. While some improvements can be made by improving efficiencies and "tightening your belt", fees will eventually be instituted and rates will be moved to improve margins. None of these will be to the benefit of our members, but become necessary for us to make up for the write downs, impairments and assessments.

Before the regulations are made final, there are several points I feel that the NCUA should take into consideration.

1. Corporate credit unions need to remain as an option for credit unions. The number of corporates should be reduced, but the services they provide to some credit unions are invaluable. Without them, we are forced to work with other institutions (namely banks), who do not have our best interest at heart. With the corporate credit unions, we have a business partner who wants us to succeed.

2. Changes need to be made to prevent such massive write downs in the future, but these changes need to be tempered. Excessive regulation on investment options and terms will make it difficult to compete and will have the long term effect of natural person credit unions being forced to look elsewhere to remain competitive. Maintaining a healthy mix of investments with more testing and closer oversight by regulators is needed.

3. The status of the legacy assets must be addressed. Ideally a plan will be developed to isolate the assets from the corporate credit unions to encourage natural credit unions to re-capitalize the corporates. These assets should not be sold given the current market especially since many of these assets are still performing. The economy will eventually rebound as will the market for mortgage backed securities.

   Just as important is a plan that addresses a means for natural person credit unions to recoup some of their losses once the market value of the underlying securities return. Corporate credit unions and natural person credit unions alike followed the regulations and investment policies of the NCUA. When the market for these securities returns and gains are realized, those credit unions who were forced to take the write downs should be able to benefit.

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> The money that natural person credit unions were forced to write off was money entrusted to us by our members and they should not be the ones who suffer. Even in cases of fraud, such as the much publicized Ponzi schemes, investors are able to recoup at least some of their investment if there are assets to be claimed.

I do not envy the position the NCUA or the directors find themselves in at this difficult time. Please realize it has also been difficult for natural person credit unions and our members as well. We realize changes are necessary and we understand that we all must bear the cost of rebuilding the current credit union system. Given these needs, we cannot overlook the need to continue the corporate structure in some form and the right of credit unions to recover lost assets as the market returns.

Thank you again,

Barry A. Schmidt

Barry A. Schmidt
President
Decatur Earthmover Credit Union