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**Subject:** DeWayne Ledbetter, iQ Credit Union - Comments on Potential Voluntary Prepaid Assessments Program  
**Date:** Monday, June 20, 2011 12:26:30 PM

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## **NCUA's Proposed Plan for Voluntary Prepayment of Corporate Credit Union Stabilization Fund Assessments**

### **1) Does the credit union want to participate in the program?**

Maybe. For us, we specifically fall into the category of needing to maximize current year earnings. Therefore, the possibility of reducing the 2011 assessment is appealing to our credit union. However, that would mean that a significant number of credit unions will prepay into the plan. Based on informal discussions, we are not convinced a majority of the credit unions will participate. During the conference call held Monday, June 13<sup>th</sup>, one individual brought up a mechanism where everyone could contribute the average of all credit unions participating, which we like the idea of. We also like the idea of the ability to pay up to 36bp of insured shares.

### **2) Does the credit union have sufficient liquidity to commit to the prepaid assessment?**

Yes, at this point in time.

### **3) Does the credit union believe that smoothing assessments over time is desirable?**

Yes. We believe smoothing the assessment would mean a reduction in the assessment for 2011. Any reduction of the assessment in 2011 would benefit our credit union as our net worth ratio is between 7.00% - 8.00%.

### **4) Will the loss of interest income on the prepaid assessments be justified?**

Any loss of income by our credit union is a cause of concern due to our capital position. However, the amount of lost interest income due to this program is outweighed by the potential benefit to our credit union and the industry as a whole.

### **5) Is the \$10,000 minimum to participate in the program appropriate? Should small credit unions have an option of paying a lower minimum to participate?**

We would like to see the minimum dropped so smaller credit unions could participate in the program. Although we understand that a lower threshold for participation does not significantly add to the amount of prepayment, all credit unions should be allowed to participate if they desire.

### **6) Do the credit union's accountants have any concerns regarding the accounting treatment of the prepayment?**

We have not contacted our external accountants for their opinion on the proposed treatment as a prepaid asset.

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iQ Credit Union