



Credit Union National Association

cuna.org

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March 2, 2009

The Honorable Michael Fryzel
Chairman
National Credit Union Administration Board
1775 Duke Street
Alexandria, VA 22314

Dear Chairman Fryzel:

The Credit Union National Association strongly supports the National Credit Union Administration's efforts to seek ways to mitigate the costs to credit unions of NCUA's Corporate Stabilization Program. Until this matter is resolved, CUNA will also continue to pursue alternatives, coordinating with the agency as appropriate. CUNA is the largest credit union trade organization in this country, representing approximately 90 percent of our nation's 8,200 state and federal credit unions, which serve over 92 million members.

We also appreciate the NCUA statement released February 27, 2009 that emphasizes, "Members deserve to know the bigger picture factors that are having an effect on their credit union's bottom line and...that their regulator is working with the industry to maintain a strong and vibrant credit union system...."

However, as you know, credit union CEOs, CFOs, managers, and board members continue to have deep concerns about the corporate credit union system and how the agency will fund its Stabilization Program. Our members are seeking more transparency from the NCUA Board on how it reached its decisions regarding the Corporate Stabilization Program, and on future decisions the agency will have to make regarding the program.

In that connection and consistent with the agency's statements, including the one issued Friday, we respectfully request that NCUA share with the credit union system:

- (1) The data, assumptions, and analysis it relied upon to decide to implement the Corporate Stabilization Program;
- (2) The data, assumptions, and analysis it relied upon to estimate the cost of the corporate deposit guarantee; and
- (3) A summary of the PricewaterhouseCoopers report presented to the Board in January.



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In addition, the entire credit union system is awaiting the PIMCO report. This report, which will analyze the corporate credit unions' investments and their potential losses, will be significant in determining the next steps the agency will take, including a revised estimate of the cost to the NCUSIF of the corporate credit union deposit guarantee. In that regard, we urge NCUA to provide a summary of PIMCO's findings to the credit union system immediately following the completion of the report, and be completely transparent about the assumptions and modeling relied upon by PIMCO, including how the estimates in the report were developed.

We also support a range in the PIMCO report of at least three estimates as to the potential losses based on the worst assumptions, best assumptions and mid-point assumptions. Otherwise, the agency will have little ability to exercise its own independent judgment regarding the conclusions provided in the PIMCO report.

In closing, we all recognize that we are in difficult times and the agency is addressing "tipping point" issues for the credit union system. It is precisely because these matters are so significant that we urge the agency to make the information cited in this letter available.

Thank you for your expeditious attention to this letter, and I look forward to hearing from you just as soon as possible.

Sincerely,

A handwritten signature in cursive script that reads "Daniel A. Mica". The signature is fluid and elegant, with a large initial 'D' and 'M'.

Daniel A. Mica
President & CEO