November 30, 2009

U.S. House Financial Services Oversight and Investigations Subcommittee
Re: Special Michigan Field Hearing: "Improving Responsible Lending to Small Businesses"

Honorable Members of the U.S. House Financial Services Oversight & Investigations Subcommittee:

It has been a difficult year for financial institutions, however credit unions have continued to lend and support the cities and towns where they do business. Credit unions are not-for-profit, member-owned, locally-driven financial institutions. They did not contribute to the financial crisis through risky lending and have not received any government bailout funds. Michigan's 335 credit unions have added stability and security to the lives of over 4 million members statewide and over 92 million in the U.S. Each one of these credit unions is invested in their communities and continues to keep lines of credit open for their members. This is evidenced in Michigan's tough economy as credit union loan volumes in virtually all categories have shown strong growth in the 12-month period ending June 30, 2009. I would like to take a few minutes to discuss our perspectives on the small business lending environment, the Administration's efforts to modify the SBA lending programs, and the business lending restrictions currently affecting credit unions.

However, I would be remiss if I failed to encourage the Committee and the U.S. Congress to revisit its current policies regarding consumer protection at the expense of the strength and stability of the $60 trillion financial services industry, of which the credit union industry represents a small but important 2 percent of the pie. Proposals that would limit overdraft protection fees and card interchange income as well as those that would increase regulation through the Consumer Finance Protection Agency, extend the Community Reinvestment Act to credit unions or allow discharge of mortgage debt through bankruptcy proceedings are but a few examples of well-intentioned, pro-consumer legislation that taken individually or collectively, will impose added costs and restricted income on small institutions like credit unions that can ill-afford these pressures in the current environment. The economic pressures and these potential new policies may create the unintended consequences of forcing credit unions and small banks out of business or, at the very least, restricting their ability to lend to consumers and small businesses.

Particularly germane to the hearing today, on behalf of the nation's 7,800 credit unions, I urge you and your colleagues to lift the current statutory restriction on member business loans. Credit unions want to lend more. They are ready to lend but many are constrained by this arbitrary restriction that is supported only by the banking industry that does not want the competition from credit unions. Such a policy is a disaster for the small business community and we need your help to bring change by supporting H.R. 3380 "The Promoting Lending to America's Small Business Act" in an effort to increase the capital available to small businesses and economic development by credit unions. This bill would amend the Federal Credit Union Act to increase the ability of credit unions to promote small business growth and economic development opportunities.

Small Business Lending Environment:
Credit unions help keep their members' savings invested in the local economy, supporting small business expansion and job growth. They commonly provide better rates, more personal service, and the knowledge that the efforts of credit union staff go into member benefits, not-for-profit maximization. Small businesses are finding it increasingly difficult to obtain credit due to the uncertainty that has enveloped the economy in the wake of the sub-prime lending crisis as well as the massive consolidation in the commercial banking arena that has occurred over the last several years. Many small business owners are also seeing their existing credit lines with banks reduced or cut off. The struggles of the CIT Group have only exacerbated the problems small businesses face. Those small business owners who are able to obtain credit often complain that the loan terms are much less attractive than they would be with additional lenders in the market. Small businesses need more options – not fewer.

When credit tightened up in late 2008 and early 2009, credit unions stepped up to continue lending to members and local businesses. Michigan credit unions hold $37.4 billion in assets statewide, including $776 million in small business loans (as of 6/30/09). As other institutions moved away from small business loans, credit union small business lending has risen 17 percent from June 2008 to June 2009. An overall look at the credit union loan picture shows a 5.8 percent growth over a 12-month period from June 2008 to June 2009. This is the highest growth rate in four years for credit unions. (A detailed profile on Michigan and U.S. credit union performance trends is attached.)

Also during the past year, the Big Three automakers struggled with sales as credit remained tight. Credit unions rolled out an innovative partnership called "Invest in America." The program initially offered credit union members' discounts on General Motors and Chrysler vehicles, while letting members know credit unions have money to lend and are willing to lend it. The program has facilitated the sales of more than 200,000 vehicles since its inception, assisting in Michigan's economic recovery efforts. While many would agree that some large lenders have "redlined" the state of Michigan, Michigan headquartered credit unions continue to play a key role in small business economic development as well as helping consumers with vitally important access to credit for all purposes.

Administration's Efforts to Improve Access to Credit for Small Businesses
There is no question that Michigan's economy faces historic challenges. Michigan's credit unions are extremely encouraged by the recent efforts of the Administration in an effort to increase SBA lending. We have never seen the SBA move faster to implement change or be more supportive than they have been in 2009. While the credit union industry is pleased that Community Development Financial Institution (CDFI) certified credit unions will be eligible to apply for subordinated debt at rates equivalent to those offered to CDFI banks and thrifts, we would like to see all CUs have the ability to access the proposed 2 percent cost of capital.

Additionally, while reducing the cost of capital to community banks in the new Capital Purchase Program (CPP) is good, we also believe credit unions should also be eligible to access the 3-percent cost of capital. The higher guaranty percentage and lower fees on SBA substantially increased lending activity, but is set to soon expire. Congress should quickly extend this initiative beyond the discussed February extension date and send a strong and clear message to the small business and lending communities. Increasing the loan size to $5M (for regular "7A" SBA loans) could be helpful, but would be particularly effective if the guaranty percentage stays at 90 percent. At the standard 75 percent guaranty amount the residual risk to a lender for a $5M loan is $1.25M. By their very definition, SBA loans are higher risk. How many lenders are going to make higher risk loans with $1.25M of residual loss exposure?

Increasing the SBA 504 loan limit could have a huge impact on supporting capital investment. These loans have much lower risk to the lender and we would expect the volume would skyrocket. These loans all have to be secured with capital assets, so what we would like to also see is a counter part to the SBA 504 program that would allow the debenture portion to serve as virtual equity in the small business. By aligning the 504 debenture itself to the unsecured portion, lenders could continue to provide conventional senior low risk debt while the SBA's enhancement of the higher risk portion would provide meaningful long term capital to many qualified small businesses. This would be particularly helpful to the many small businesses that have survived these challenging times, see opportunities ahead, but who would otherwise be considered too risky for traditional lending programs.

Member Business Lending Restrictions Affecting Credit Unions

Credit unions have been making member business loans (MBL) since the early 1900s. Throughout most of this period there were no limits on the volume of member business loans credit unions could originate or hold. In fact, statutory limits on credit unions' member business lending did not appear until passage of the Credit Union Membership Access Act of 1998 (CUMAA). Michigan's credit unions are in a position to help our small businesses, but are restricted by this statutory cap on business lending. Currently, credit unions can only lend 12.25 percent of the credit union's total assets to member businesses. There was no economic rationale for the limit when it was enacted. And, no rationale exists today.

While Michigan credit unions hold more than three-quarters of a billion dollars in small business loans, their authority could increase by as much as $1 billion if the federally imposed cap on member business lending (12.25 percent of assets) were lifted by Congress. Enabling credit unions to support their communities and make the small commercial loans that large banks are unwilling or incapable to support is a necessary step in assisting Michigan with its economic recovery efforts. Nationally, more than $10 billion in additional capital could become available to small businesses by increasing this cap.

A one-page profile that contrasts credit union business lending to banking institutions is attached. It shows that the average size credit union business loan is approximately $193,270 in the U.S. and collectively they hold just over one percent of all outstanding business loans. For the three years ending December 31, 2008, credit unions have experienced a 72-percent increase in business loans compared to 26 percent for other banking institutions. In Michigan, the contrast is even starker with business loans up 103 percent.

In a recent NCUA media advisory issued on November 24, NCUA Chairman Debbie Matz urged the Department of Treasury to support increasing or eliminating the statutory cap on credit union member business lending, and allow NCUA to establish the regulatory parameters. The NCUA believes lending limitations should be regulatory, not statutory. The agency is positioned to set requirements and maintain limits on member business lending, utilizing their direct supervisory knowledge and application of firm safety and soundness standards. The NCUA's correspondence was in response to a request from Treasury Counsel Gene Sperling for additional policy suggestions following last week's Small Business Financing Forum, hosted by Treasury and the Small Business Administration and attended by Chairman Matz.

NCUA Chairman Matz was quoted in the media advisory:
"Historically, credit unions have been successful at making member business loans. NCUA supports a proper balance of serving business lending needs with a prudent regulatory framework to protect safety of the institutions and of the National Credit Union Share Insurance Fund. NCUA encourages the Department of Treasury and the Small Business Administration to support legislative and regulatory enhancements that will empower well-managed credit unions to make more business loans to members who need them. This will in turn help achieve your over-arching goals to create jobs and grow the economy. "

In late July of 2009, Congressman Paul Kanjorski (D-PA) introduced H.R. 3380, "the Promoting Lending to America's Small Business Act" in an effort to increase the capital available to small businesses and economic development by credit unions. This bill would amend the Federal Credit Union Act to increase the ability of credit unions to promote small business growth and economic development opportunities. More than thirty other members of Congress have co-sponsored this legislation to date. Today, credit unions have about $30 billion in outstanding business loans, but nearly $18 billion has been extended by credit unions approaching or exceeding the cap. (A small number of credit unions have a "grandfather" exemption from the cap imposed in 1998).

Credit unions with important experience in business lending are approaching their capacity to help business owners absent Congressional action. In addition to the proposed SBA efforts of the Administration, the MCUL encourages Congress and the U.S. Department of Treasury to support legislative and regulatory enhancements to increase the business lending authority of credit unions.

In conclusion, Michigan's strong and vibrant credit union industry is prepared to assist Michigan's small businesses further with their challenges in securing credit. As of June 30, 2009, Michigan credit unions are funding more than 6,300 small business loans. Nearly 1,000 of these loans have been funded by credit unions since January 1, 2009, totaling more than $100 million in new small business credit. On behalf of the 335 credit unions across the State of Michigan, I thank you for allowing the Michigan Credit Union League the opportunity to testify on this important topic, and look forward to assisting the administration and Congress with programs and legislation to further our ability to increase small business lending in Michigan.

Sincerely ,

CEO
Michigan Credit Union League & Affiliates (www.mcul.org)
CUcorp, CU Village, HRN

Help America's Small Businesses: Support H.R. 3380 -- the Promoting Lending to America's Small Business Act

Small Businesses are Experiencing Difficulty in Obtaining Credit from Banks

- Small businesses are finding it increasingly difficult to obtain credit due to the uncertainty that has enveloped the economy in the wake of the subprime lending crisis as well as the massive consolidation in the commercial banking arena that has occurred over the last several years.
- Small business owners are also seeing their existing credit lines with banks reduced or cut off. The struggles of CIT have only exacerbated the problems small businesses face.
- Those small business owners who are able to obtain credit often complain that the loan terms are much less attractive than they would be with additional lenders in the market.
- Small businesses need more options – not fewer.

Credit Unions Have a History of Making Loans to Their Business-Owning Members

- Credit unions have been making member business loans (MBL) since the early 1900s.
- Throughout most of this period there were no limits on the volume of member business loans credit unions could originate or hold. In fact, statutory limits on credit unions' member business lending did not appear until passage of the Credit Union Membership Access Act of 1998 (CUMAA).

Credit Unions are in a Position to Help, but are Restricted by a Statutory Cap on Business Lending

- Credit unions are subject to a cap on the amount of business loans they can extend which is essentially 12.25% of the credit union's total assets.
- There was no economic rationale for the limit when it was enacted. And, no rationale exists today.
- Credit union MBL loss rates are lower than those on credit union consumer loans and are a fraction of commercial loan loss rates at commercial banks, even during these difficult economic times.

Credit Unions Need Congressional Action to Continue to Serve Members Who Own Small Businesses

- Today, credit unions have about $30 billion in outstanding business loans, but nearly $18 billion has been extended by credit unions approaching or exceeding the cap. (A small number of credit unions have a "grandfather" exemption from the cap imposed in 1998).
- Credit unions with important experience in business lending are approaching their capacity to help business owners absent Congressional action.

Congress Should Give Credit Unions the Opportunity to Serve Their Business-Owning Members

- Congress has the opportunity to help small business owners by raising the credit union member business lending cap, and encouraging credit unions to lend to their business-owning members.
- Credit unions approaching the cap have the most experience in business lending – experience that facilitates this activity being done in a safe and sound manner.
- CUNA estimates that, if the Promoting Lending to America's Small Business Act was law, credit unions could extend up to $10 billion in additional business loans to their members.

H.R. 3380, the Promoting Lending to America's Small Businesses Act, Represents Economic Stimulus that Does Not Cost the Taxpayers a Dime and Does Not Expand the Size of Government

2008 United States Business Lending Profile

A recent study by the Small Business Administration finds that bank consolidation has led to a decrease in access to capital for the nation's small businesses.

Member-owned credit unions are a natural choice for business owners faced with these bank consolidation-related pressures. Credit unions are, by definition, locally owned and controlled with local decision-making and a strong service-oriented philosophy.

For many credit unions, however, the current 12.25% member business loan (MBL) limit effectively bars entry into the business lending arena. That's because the startup costs and requirements such as the need to hire experienced lenders exceeds their ability to cover those costs with a small portfolio. Expansion to 20% would thus allow more credit unions to generate the level of income needed to cover startup costs and would expand business lending access to many credit union members.

The MBL provisions in CURIA are not simply an attempt to solve a problem, but also to give flexibility to credit unions that might decide to enter this market in the future.

At year end there were 7,949 credit unions in the United States serving 90 million members (roughly 30% of the nation's population).

Total Assets:

Credit Unions	Banking Institutions
$825.0 Billion	$13.8 Trillion

Average asset size:

Credit Unions	Banking Institutions
$103.8 Million	$1.7 Billion

Market share of deposits:

Credit Unions	Banking Institutions
9.04%	90.96%

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* 2,026 Credit Unions in the country have outstanding MBLs
  --- this represents 24% of the 7,949 credit unions in the country

* Average MBL granted at United States credit unions is: $193,270

* Total amount of business lending:

Credit Unions	Banking Institutions
$33.0 Billion	$3.1 Trillion

* Market share of business lending:

Credit Unions	Banking Institutions
1.06%	98.94%

* Business loans as a % of assets:

Credit Unions	Banking Institutions
4.00%	22.31%

* 3 Year Change in United States business lending:

	Credit Unions	Banking Institutions
Amt	$13.8 Billion	$632.0 Billion
%	71.5%	25.9%

CUNA

Source: All financial data is December 2008. Population taken from Census Bureau Estimates for July 2008.
Credit union data is from NCUA. Bank data is from FDIC.

Produced by CUNA's Economics & Statistics Department.

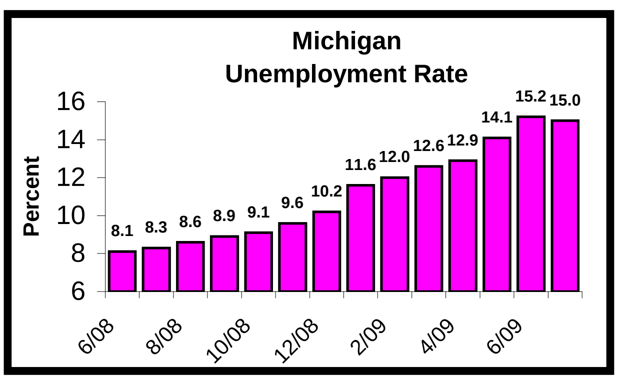
Michigan Profile

Second Quarter 2009

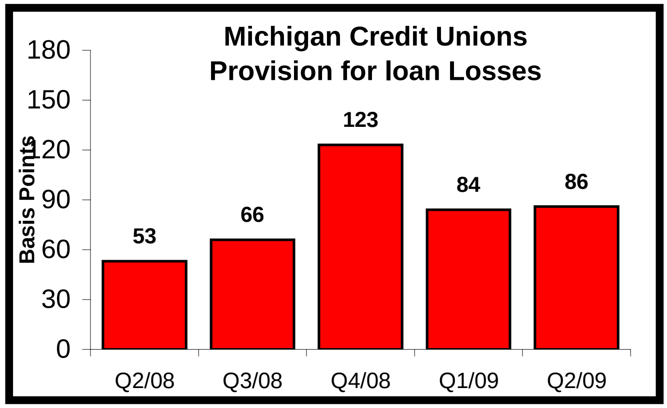
- Credit risk and margin compression weighed heavily on Michigan credit union earnings in the 2nd quarter. With Michigan's unemployment rate climbing in the 2nd quarter, credit union members increased their pace of deposit growth and reduced their pace of loan growth.

- Credit risk is made up of two components: default risk and collateral risk. Default risk relates to a borrower's willingness and ability to repay a debt. Collateral risk relates to the market value of the asset securing the debt. Therefore, the unemployment rate and home price indexes can be useful economic indicators predicting future loan chargeoff rates.

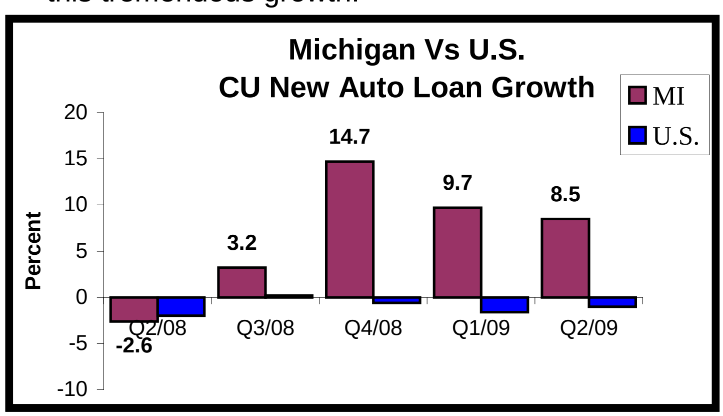
- Michigan's unemployment rate recently hit a cyclical high of 15.2% in June, but then dropped to 15% by July. This is almost double the rate of a year earlier. There were 740,000 unemployed at the end of the 2nd quarter, up from 609,000 three months earlier, according to the Bureau of Labor Statistics. The number of employed in Michigan at the end of the 2nd quarter was 4.129 million, down from 4.232 million at the end of the 1st quarter.



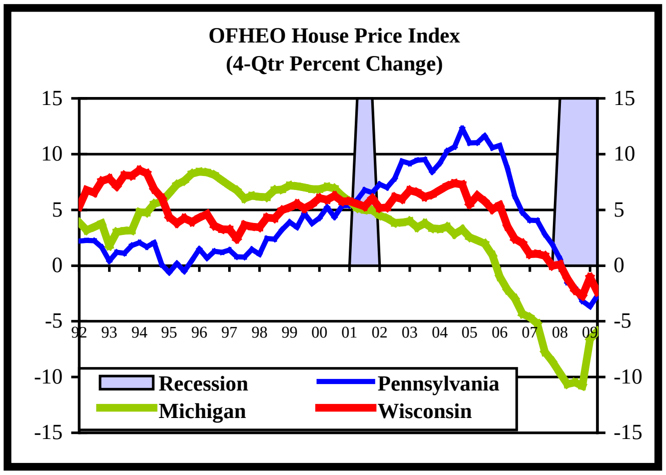
- Michigan credit union provisions for loan loss rose to 86 basis points (0.86 percent) of average assets in the second quarter, up from 53 basis points (bps) a year earlier, but below the national average of 116 bps. Credit unions should expect continued increases in provisions for the rest of the year because provisions historically have lagged unemployment by 3-6 months. This will keep pressure on credit unions' bottom line through 2010.



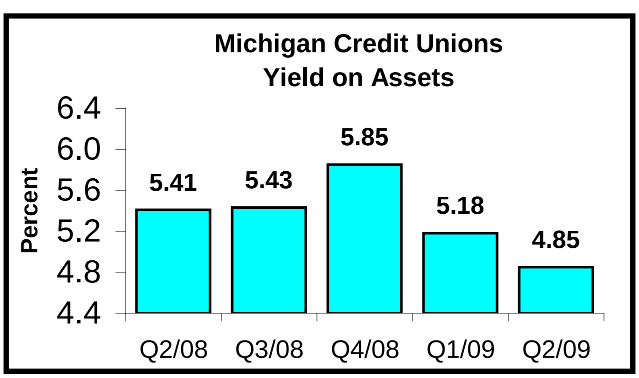
- Michigan credit union net loan chargeoffs as a percent of average loans appears to have stabilized over the last two quarters. However, the leveling off is probably due to recent fast loan growth, rather than improving credit quality. The loan chargeoff rate for the loan category "all other consumer" declined from 1.40% in the first quarter to 1.34% in the second. This decline is explained by the rapid pace of new auto loan growth (8.5%) in the second quarter compared to a -1% decline nationwide. The Invest in America auto lending program was one of the major factors driving this tremendous growth.



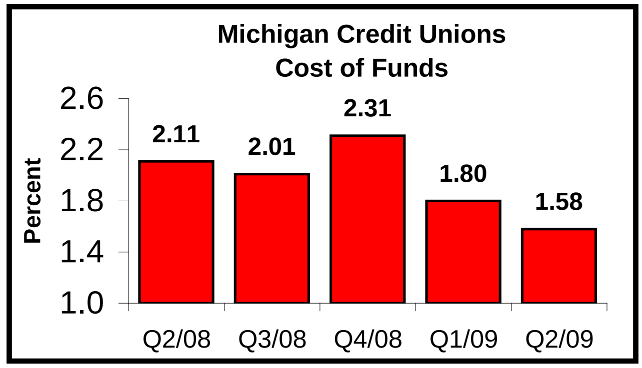
- We can gauge mortgage loan collateral risk by investigating the percentage change in home prices. During the year ending in the 2nd quarter 2009, Michigan home prices declined 5.89%, according to the Office of Federal Housing Enterprise Oversight, a slightly slower pace than the -6.6% set in the first quarter. Both the 1st mortgage loan delinquency rate and net chargeoff rate have roughly doubled over the last year, (2.06% versus 1.11% for delinquency and 0.57% and 0.29% for net chargeoffs). There is some good news. The pace of home price decline is slowing. But with excess housing inventory plaguing the Michigan market, home prices will likely continue to fall for the next few quarters. This will mean more homeowners underwater with their mortgage, and more homeowners with an incentive to walk away from their homes.



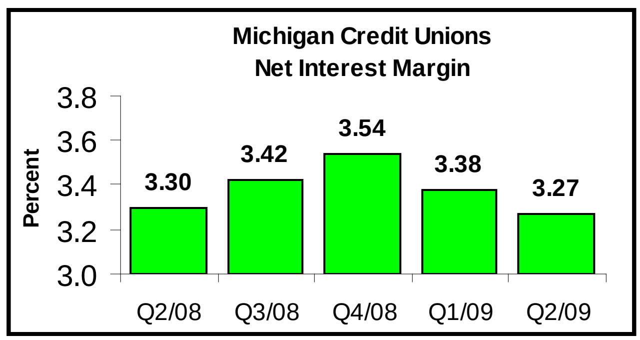
- Michigan credit union asset yields fell 33 bps in the 2nd quarter from the first, as investments and loans repriced down to the remarkably low current short-term interest rates. One year ago, Michigan credit unions reported a yield on assets of 5.41%. In the second quarter of 2009, they reported 4.85%. With the Federal Reserve indicating they will keep short-term interest rates low for an extended period of time, credit unions should expect their yield on assets to decline further into 2010.



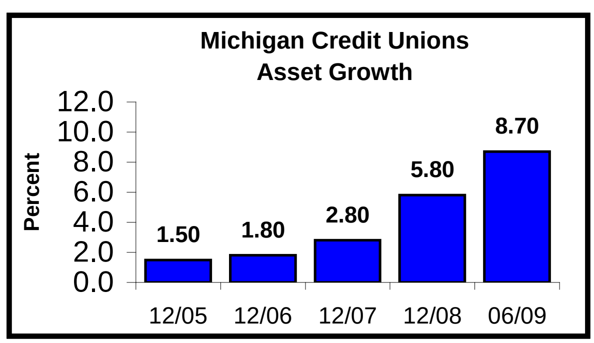
- On a brighter note, Michigan credit union cost of funds dropped 22 bps in the second quarter as credit unions, in an attempt to maintain their net interest margins, aggressively lowered their deposit interest rates.



- With yield on assets falling faster than cost of funds, net interest margins continued their downward slide in the second quarter. Michigan credit unions reported 327 bps of spread, slightly better than the national average of 315.



- Over the last twelve months Michigan credit unions reported asset growth of 8.7%, slightly faster than the national average of 8.2%, and significantly faster than last year's pace of 5.8%. With consumers still in no mood to spend, credit unions should expect strong deposit flows for the next few quarters.



Michigan Profile

Second Quarter 2009

Michigan CU Profile

		US	Michigan Credit Unions					Asset Groups - Jun 2009			
	Demographic Information	**Jun 09**	**Jun 09**	**2008**	**2007**	**2006**	**2005**	**< $5Mil**	**$5-$20**	**$20-$100**	**> $100 Mil**
1	Number of CUs	7,846	335	344	360	376	395	44	74	135	82
2	Assets per CU ($ mil)	112.5	111.7	100.0	90.3	84.1	78.7	1.9	11.9	50.3	361.9
3	Median assets ($ mil)	15.9	36.9	32.2	27.9	27.7	27.1	1.9	11.8	46.5	225.3
4	Total assets ($ mil)	882,352	37,422	34,409	32,518	31,639	31,088	85	878	6,787	29,673
5	Total loans ($ mil)	581,314	22,810	22,363	21,231	21,040	20,346	39	445	3,775	18,551
6	Total surplus funds ($ mil)	268,310	12,947	10,447	9,675	9,117	9,384	45	405	2,705	9,794
7	Total savings ($ mil)	746,239	31,654	29,016	27,292	26,466	26,100	69	756	5,883	24,946
8	Total members (thousands)	90,928	4,415	4,394	4,400	4,402	4,408	27	186	1,060	3,142
	Growth Rates										
9	Total assets	8.2	8.7	5.8	2.8	1.8	1.5	1.5	4.0	6.8	23.5
10	Total loans	4.5	5.8	5.3	0.9	3.4	7.1	-0.2	3.6	4.6	16.8
11	Total surplus funds	18.5	15.3	8.0	6.1	-2.8	-9.1	3.4	5.1	10.8	40.9
12	Total savings	8.5	8.6	6.3	3.1	1.4	-0.1	2.9	4.9	7.3	22.6
13	Total members	1.8	0.2	-0.1	0.0	-0.1	0.1	-1.2	-2.7	0.1	11.9
14	*% CUs with increasing assets*	76.3	82.1	77.6	57.2	44.4	41.5	54.5	77.0	85.9	95.1
	Earnings - Basis Pts.										
15	Yield on total assets	503	512	555	580	555	505	441	485	492	518
16	Dividend/interest cost of assets	188	173	219	250	216	159	108	108	140	183
17	Fee & other income *	197	220	134	146	144	133	115	308	188	225
18	Operating expense	320	375	393	377	379	361	438	590	407	361
19	Loss Provisions	110	87	72	45	39	43	37	42	61	94
20	Net Income (ROA) after Stab Exp *	23	33	5	54	65	75	-138	-49	-6	45
21	*% CUs with positive ROA **	50.7	42.7	67.7	87.5	87.2	86.1	15.9	29.7	48.9	58.5
	Capital adequacy										
22	Net worth/assets	10.0	11.1	11.9	12.6	12.6	12.2	18.0	13.1	12.0	10.9
23	*% CUs with NW > 7% of assets*	96.0	96.7	98.3	98.6	98.9	98.2	100.0	98.6	94.1	97.6
	Asset quality										
24	Delinquencies (60+ day $)/loans (%)	1.58	1.79	1.68	1.35	1.08	1.09	3.87	1.75	1.84	1.77
25	Net chargeoffs/average loans	1.15	1.08	0.83	0.61	0.55	0.61	0.84	0.62	1.00	1.10
26	Total borrower-bankruptcies	330,400	19,666	15,805	11,465	9,530	20,631	50	500	3,794	15,322
27	Bankruptcies per CU	42.1	58.7	45.9	31.8	25.3	52.2	1.1	6.8	28.1	186.9
28	Bankruptcies per 1000 members	3.6	4.5	3.6	2.6	2.2	4.7	1.8	2.7	3.6	4.9
	Asset/Liability Management										
29	Loans/savings	77.9	72.1	77.1	77.8	79.5	78.0	56.4	58.9	64.2	74.4
30	Loans/assets	65.9	61.0	65.0	65.3	66.5	65.4	45.9	50.6	55.6	62.5
31	Long-term assets/assets	34.3	34.6	37.3	32.3	30.1	28.9	5.2	19.1	26.4	37.0
32	Liquid assets/assets	16.9	16.6	13.7	16.6	16.0	14.4	41.6	29.5	21.1	15.2
33	Core deposits/shares & borrowings	36.6	34.5	34.7	35.7	38.4	40.8	81.8	56.8	44.1	31.5
	Productivity										
34	Members/potential members	7	6	6	7	8	10	35	9	7	5
35	Borrowers/members	50	51	50	50	50	50	26	38	44	54
36	Members/FTE	379	382	379	386	388	392	405	434	398	374
37	Average shares/member ($)	8,207	7,170	6,604	6,203	6,012	5,921	2,518	4,066	5,550	7,940
38	Average loan balance ($)	12,723	10,215	10,172	9,611	9,494	9,187	5,453	6,216	8,139	10,974
39	Employees per million in assets	0.27	0.31	0.34	0.35	0.36	0.36	0.80	0.49	0.39	0.28
	Structure										
40	Fed CUs w/ single-sponsor	13.9	3.3	3.5	3.6	3.5	3.5	13.6	4.1	1.5	0.0
41	Fed CUs w/ community charter	15.1	17.9	16.9	17.2	16.2	15.4	6.8	24.3	19.3	15.9
42	Other Fed CUs	32.0	15.8	16.6	17.5	18.4	19.0	25.0	10.8	17.8	12.2
43	CUs state chartered	39.0	63.0	63.1	61.7	62.0	62.0	54.5	60.8	61.5	72.0

Earnings, net chargeoffs, and bankruptcies are annualized.
Due to significant seasonal variations, balance sheet growth rates are for the trailing 12 months.
US Totals include only credit unions that are released on the NCUA FOIA file.

***Credit Unions did not uniformly report stabilization expense or reversals of the expense.**
Therefore some income and expense ratios are not comparable to previous periods.
Use extreme caution when coming to conclusions from this data.
Source: NCUA and CUNA E&S.

Michigan CU Profile

		US	Michigan Credit Unions					Asset Groups - Jun 2009			
	Growth Rates	**Jun 09**	**Jun 09**	**2008**	**2007**	**2006**	**2005**	**< $5Mil**	**$5-$20**	**$20-$100**	**> $100 Mil**
1	Credit cards	6.0%	2.7%	2.0%	8.0%	5.4%	4.6%	-6.0%	1.2%	1.6%	11.2%
2	Other unsecured loans	1.8%	-2.0%	0.2%	4.1%	5.2%	-0.1%	2.7%	-4.0%	-4.2%	7.9%
3	New automobile	-3.8%	32.6%	5.1%	-1.7%	-2.7%	10.4%	-6.7%	8.4%	23.4%	49.0%
4	Used automobile	5.2%	14.0%	8.4%	-2.5%	-5.0%	-0.1%	0.7%	2.6%	6.6%	23.3%
5	First mortgage	8.1%	2.7%	7.6%	3.1%	8.4%	11.5%	29.0%	7.3%	4.6%	14.4%
6	HEL & 2nd Mtg	0.5%	-2.0%	0.1%	-0.4%	4.6%	9.3%	10.1%	-0.4%	-0.8%	9.9%
7	Member business loans	13.6%	17.3%	32.4%	21.3%	31.3%	67.8%	-10.3%	35.5%	3.8%	24.3%
8	Share drafts	4.0%	0.5%	2.2%	-0.3%	-4.9%	3.5%	-10.4%	-2.7%	0.2%	6.8%
9	Certificates	4.1%	0.5%	0.2%	12.8%	22.0%	20.3%	7.4%	2.9%	4.8%	9.7%
10	IRAs	16.7%	19.9%	11.7%	9.0%	4.5%	1.1%	-10.0%	12.2%	20.0%	31.3%
11	Money market shares	15.3%	25.0%	19.4%	3.0%	-8.9%	-10.0%	-2.4%	16.5%	14.1%	45.9%
12	Regular shares	8.2%	4.4%	3.4%	-6.2%	-4.9%	-5.4%	3.8%	4.2%	6.6%	22.8%
	Portfolio $ Distribution										
13	Credit cards/total loans	5.7%	5.9%	6.2%	6.4%	6.0%	5.9%	0.5%	6.0%	5.8%	5.9%
14	Other unsecured loans/total loans	4.3%	4.5%	4.8%	5.1%	4.9%	4.8%	18.8%	10.8%	5.5%	4.1%
15	New automobile/total loans	13.8%	9.7%	8.5%	8.5%	8.7%	9.2%	26.5%	15.1%	10.2%	9.4%
16	Used automobile/total loans	16.9%	16.1%	15.4%	14.9%	15.5%	16.8%	37.6%	24.1%	19.4%	15.2%
17	First mortgage/total loans	37.5%	42.9%	43.2%	42.3%	41.4%	39.5%	3.5%	23.5%	37.2%	44.6%
18	HEL & 2nd Mtg/total loans	16.3%	14.3%	15.1%	15.9%	16.1%	15.9%	3.6%	12.9%	15.5%	14.1%
19	Member business loans/total loans	6.0%	3.4%	3.2%	2.6%	2.1%	1.7%	0.4%	0.9%	1.9%	3.8%
20	Share drafts/total savings	10.7%	12.0%	12.3%	12.8%	13.2%	14.1%	4.3%	12.6%	12.0%	12.0%
21	Certificates/total savings	31.5%	27.9%	29.9%	31.8%	29.0%	24.1%	8.6%	18.0%	27.8%	28.3%
22	IRAs/total savings	9.7%	8.5%	8.3%	7.9%	7.5%	7.3%	2.9%	6.7%	7.9%	8.8%
23	Money market shares/total savings	19.9%	26.8%	25.1%	22.4%	22.4%	24.9%	2.3%	14.0%	18.1%	29.3%
24	Regular shares/total savings	26.9%	23.2%	22.9%	23.5%	25.9%	27.6%	77.5%	44.2%	32.3%	20.3%
	Percent of CUs Offering										
25	Credit cards	51.2%	75.2%	74.1%	72.2%	72.9%	74.2%	2.3%	71.6%	90.4%	92.7%
26	Other unsecured loans	97.8%	99.1%	99.4%	99.4%	99.5%	99.0%	95.5%	100.0%	99.3%	100.0%
27	New automobile	94.7%	97.3%	96.8%	96.4%	96.5%	97.2%	79.6%	100.0%	100.0%	100.0%
28	Used automobile	95.7%	98.2%	98.3%	98.3%	98.1%	98.2%	86.4%	100.0%	100.0%	100.0%
29	First mortgage	58.4%	79.4%	78.8%	78.1%	77.4%	76.7%	4.6%	71.6%	95.6%	100.0%
30	HEL & 2nd Mtg	58.0%	70.5%	69.8%	67.5%	66.2%	63.5%	6.8%	63.5%	80.7%	93.9%
31	Member business loans	27.7%	43.3%	42.7%	34.7%	31.1%	28.9%	4.6%	23.0%	45.2%	79.3%
32	Share drafts	73.9%	89.6%	89.0%	88.3%	88.3%	88.6%	27.3%	96.0%	100.0%	100.0%
33	Certificates	77.4%	86.0%	85.5%	85.0%	83.8%	84.1%	34.1%	82.4%	97.0%	98.8%
34	IRAs	64.5%	82.7%	82.6%	81.7%	80.6%	80.8%	22.7%	78.4%	94.1%	100.0%
35	Money market shares	43.4%	69.0%	67.2%	65.3%	63.3%	60.5%	4.6%	55.4%	81.5%	95.1%
	Penetration										
36	Credit cards	14.2%	15.0%	15.0%	15.3%	15.6%	15.7%	0.3%	10.8%	14.2%	15.7%
37	Other unsecured loans	10.9%	13.4%	13.3%	13.5%	12.8%	12.7%	12.2%	11.8%	10.5%	14.5%
38	New automobile	6.1%	3.5%	3.2%	3.2%	3.1%	3.1%	3.2%	2.8%	2.7%	3.9%
39	Used automobile	11.0%	10.0%	9.7%	9.2%	9.5%	9.7%	7.5%	8.2%	9.0%	10.5%
40	First mortgage	1.8%	2.4%	2.4%	2.2%	2.2%	2.0%	0.1%	0.9%	1.8%	2.6%
41	HEL & 2nd Mtg	3.0%	3.0%	3.1%	3.1%	3.1%	3.0%	0.2%	1.2%	2.1%	3.4%
42	Member business loans	0.2%	0.1%	0.1%	0.1%	0.1%	0.1%	0.0%	0.0%	0.1%	0.2%
43	Share drafts	46.1%	46.8%	46.3%	46.9%	45.6%	45.0%	9.3%	33.8%	42.1%	49.5%
44	Certificates	13.8%	13.8%	13.7%	13.5%	12.1%	10.3%	2.5%	5.7%	11.2%	15.3%
45	IRAs	5.9%	5.1%	4.9%	4.9%	4.7%	4.6%	0.6%	2.2%	3.7%	5.8%
46	Money market shares	7.6%	13.5%	13.0%	9.1%	8.7%	8.7%	0.4%	3.8%	5.7%	16.9%

* **Current period flow statistics are trailing four quarters.**

Source: NCUA and CUNA E&S.

Michigan Profile

Second Quarter 2009

Michigan CU Profile - Quarterly Results

		US	Michigan Credit Unions				
	Demographic Information	**Jun 09**	**Jun 09**	**Mar 09**	**Dec 08**	**Sep 08**	**Jun 08**
1	Number CUs	7,846	335	340	344	350	353
	Growth Rates (Quarterly % Change)						
2	**Total loans**	1.1	1.6	5.5	4.0	2.2	2.0
3	Credit cards	3.2	2.3	-1.7	5.5	2.8	1.4
4	Other unsecured loans	1.1	0.5	-1.5	3.0	2.3	0.8
5	New automobile	-1.0	8.5	9.7	14.7	3.2	-2.6
6	Used automobile	2.3	4.0	4.4	4.8	4.2	2.3
7	First mortgage	2.0	0.6	7.7	2.5	1.3	3.6
8	HEL & 2nd Mtg	-1.3	-2.0	5.0	3.0	1.4	-0.1
9	Member business loans	3.8	4.2	4.1	9.0	3.6	9.3
10	**Total savings**	1.8	2.5	13.3	5.4	-2.6	1.8
11	Share drafts	0.1	0.1	8.2	8.6	-10.0	1.4
12	Certificates	-1.2	-0.7	7.0	4.8	-3.0	-2.2
13	IRAs	3.7	4.6	11.6	9.1	1.2	2.2
14	Money market shares	5.2	6.2	20.7	6.4	4.5	5.0
15	Regular shares	3.0	2.7	17.8	2.6	-5.6	4.0
16	**Total members**	0.8	0.4	4.5	2.3	0.5	0.7
	Earnings (basis points)						
17	Yield on total assets	489	485	518	585	543	541
18	Dividend/interest cost of assets	176	158	180	231	201	211
19	Fee & other income *	277	286	139	110	134	142
20	Operating expense	311	358	377	481	368	364
21	Loss Provisions	116	86	84	123	66	53
22	Net Income (ROA) *	196	218	-166	-140	42	54
21	*% CUs with positive ROA*	54.5	46.3	10.0	67.7	75.4	80.7
	Capital adequacy (%)						
22	Net worth/assets	10.0	11.1	10.8	11.9	12.5	12.2
23	*% CUs with NW > 7% of assets*	95.9	96.7	95.3	98.3	99.1	98.3
	Asset quality (%)						
24	**Loan delinquency rate - Total loans**	1.59	1.79	1.70	1.68	1.44	1.33
25	Total Consumer	1.55	1.65	1.68	1.86	1.75	1.71
26	Credit Cards	1.98	2.36	2.36	2.28	1.95	1.87
27	All Other Consumer	1.49	1.54	1.57	1.79	1.72	1.68
28	Total Mortgages	1.62	1.89	1.72	1.56	1.23	1.08
29	First Mortgages	1.70	2.06	1.88	1.66	1.25	1.11
30	All Other Mortgages	1.43	1.41	1.27	1.25	1.17	0.99
31	Total MBLs	3.00	2.91	2.73	1.99	2.17	1.92
32	Ag MBLs	2.13	0.00	0.00	0.00	0.00	0.95
33	All Other MBLs	3.04	2.91	2.73	1.99	2.17	1.93
34	**Net chargeoffs/average loans**	1.22	1.06	1.05	1.14	0.77	0.73
35	Total Consumer	2.04	1.70	1.68	1.88	1.46	1.37
36	Credit Cards	4.52	3.95	3.42	3.35	2.84	2.66
37	All Other Consumer	1.69	1.34	1.40	1.63	1.22	1.14
38	Total Mortgages	0.52	0.57	0.59	0.61	0.29	0.29
39	First Mortgages	0.23	0.37	0.43	0.41	0.18	0.19
40	All Other Mortgages	1.18	1.19	1.07	1.17	0.62	0.60
41	Total MBLs	0.30	0.65	1.25	0.90	0.11	0.47
42	Ag MBLs	0.00	0.00	-0.01	0.00	0.00	-0.03
43	All Other MBLs	0.31	0.65	1.25	0.91	0.11	0.47
	Asset/Liability Management						
44	Loans/savings	77.5	72.0	72.6	77.0	77.6	74.0

Earnings & net chargeoffs are annualized quarterly results not seasonally adjusted.
Delinquency rates are 60+ day dollar delinquencies. Net chargeoffs are dollar chargeoffs net of recoveries.
Totals include only credit unions that are released on the NCUA FOIA file.

*Credit Unions did not uniformly report stabilization expense or reversals of the expense.
Therefore some income and expense ratios are not comparable to previous periods.
Use extreme caution when coming to conclusions from this data.

Source: NCUA and CUNA E&S.

Michigan Profile

Second Quarter 2009

Michigan Credit Unions

June 2009

Loan Penetration per 1000 Members

	Credit Union Name	Total # loans/ member	Ranking among all US CUs	Ranking among US CUs 03/09
1	Michigan First CU	1067.7	42	505
2	First General CU	957.6	71	58
3	Shawbox Community FCU	864.6	128	116
4	Community West CU	835.7	152	100
5	GR Consumers CU	824.2	171	138
6	Frankenmuth CU	820.6	182	177
7	Saginaw Medical FCU	791.1	230	238
8	Aeroquip CU	780.3	249	222
9	TBA CU	778.5	254	253
10	Community First FCU	756.9	287	315

Auto Loan Penetration per 1000 Members

	Credit Union Name	Total # auto loans/ member	Ranking among US CUs	Ranking among US CUs 03/09
1	Auto Body CU	374.3	112	112
2	TBA CU	366.6	122	136
3	Michigan One Community CU	329.4	209	259
4	Community First FCU	305.2	321	288
5	Shawbox Community FCU	295.0	372	353
6	Lenco Credit Union	290.7	393	384
7	Premier Financial CU	286.2	413	485
8	Financial Plus FCU	280.9	455	572
9	Cornerstone Community Financial	245.5	833	881
10	United FCU	240.1	915	863

1st Mortgage Loans per 1000 Members

	Credit Union Name	Total # FM loans/ member	Ranking among US CUs	Ranking among US CUs 03/09
1	Country Heritage CU	98.1	24	32
2	Marshall Community CU	93.7	30	26
3	Ukrainian Selfreliance Michigan	85.7	41	40
4	PAC Federal Credit Union	85.6	42	45
5	Community First FCU	74.1	70	82
6	HPC CU	72.3	76	79
7	Limestone FCU	70.6	83	72
8	Ukrainian Future CU	68.2	94	90
9	Tahquamenon Area CU	65.0	105	103
10	Northland Area FCU	61.3	136	116

Home Equity Penetration per 1000 Members

	Credit Union Name	Total # HE loans/ member	Ranking among US CUs	Ranking among US CUs 03/09
1	Community Financial Members F	72.8	26	110
2	Farm Bureau Family CU	57.4	68	65
3	United Educational CU	54.8	86	98
4	Marshall Community CU	49.4	125	118
5	Lapeer County School ECU	45.6	158	163
6	Allegis CU	43.9	183	173
7	Lake Huron CU	42.3	204	387
8	UP Catholic CU	41.9	209	179
9	BestSource CU	39.5	251	236
10	Dow Chemical ECU	37.9	295	288

Average Savings Balance

	Credit Union Name	Average Savings/ Member	Ranking among US CUs	Ranking among US CUs 03/09
1	Ukrainian Selfreliance Michigan FC	20,893	48	50
2	Dow Chemical ECU	19,779	60	62
3	Marshall Community CU	15,141	142	142
4	Detroit Metropolitan CU	14,142	188	229
5	Communications Family CU	14,006	200	203
6	Michigan Schools & Government C	13,844	211	208
7	Ukrainian Future CU	13,653	218	219
8	Sterling Van Dyke CU	13,342	237	227
9	Lapeer County School ECU	12,810	265	309
10	Flint Area School ECU	11,840	361	360

Share Draft Penetration per 1000 Members

	Credit Union Name	# SD/ Member	Ranking among US cus	Ranking among US CUs 03/09
1	Community First FCU	1343.3	4	3
2	My Personal CU	992.6	19	13
3	Telcom CU	847.1	26	26
4	FM Financial CU	662.0	108	155
5	Michigan State University FCU	641.0	154	150
6	Consumers CU	635.5	170	160
7	University of Michigan CU	635.1	171	137
8	Dow Chemical ECU	627.7	192	209
9	MemberFocus Community CU	626.3	196	199
10	First Community FCU	616.2	220	265

Michigan Credit Unions Milestones

June 2009

Assets

Credit Union Name	Current Assets	Three months prior	% Chg
Exceeded $1 Million			
Ann Arbor Postal FCU	$1.01	$0.95	6.5%
Exceeded $5 Million			
Lake Superior CU	$5.01	$4.86	3.2%
West Michigan Postal Service FC	$5.09	$4.89	4.2%
Exceeded $10 Million			
St Cletus CU	$10.08	$9.85	2.3%
Exceeded $25 Million			
Limestone FCU	$25.79	$24.19	6.6%
Southeast Michigan State EFCU	$25.84	$24.25	6.6%
Credit Union Advantage	$26.28	$24.39	7.7%
Exceeded $50 Million			
Michigan Tech EFCU	$50.17	$48.39	3.7%
Metro Shores Credit Union	$54.45	$45.43	19.9%
Exceeded $100 Million			
My Personal CU	$100.15	$96.16	4.2%
Community West CU	$102.20	$95.13	7.4%
HPC CU	$103.80	$98.60	5.3%
Chief Financial FCU	$106.45	$82.94	28.4%
Exceeded $250 Million			
Berrien Teachers CU	$250.68	$241.24	3.9%
Exceeded $500 Million			
Communications Family CU	$512.70	$485.23	5.7%

Members

Credit Union Name	Current Members	Three months prior	% Chg
Exceeded 10,000 Members			
River Valley CU	10,680	9,139	16.9%
Exceeded 25,000 Members			
Catholic FCU	25,221	24,648	2.3%

Loans

Credit Union Name	Current Loans	Three months prior	% Chg
Exceeded $1 Million			
Kramer Homes FCU	$1.02	$0.97	5.9%
Saginaw VA Hospital FCU	$1.08	$0.97	11.8%
Exceeded $2.5 Million			
Latvian Heritage FCU	$2.57	$2.35	9.2%
Lake Superior CU	$2.67	$2.43	9.7%
Exceeded $5 Million			
Gogebic County FCU	$5.01	$4.68	7.1%
Frankfort Community FCU	$5.04	$4.95	1.9%
Exceeded $10 Million			
Alpena Community CU	$10.98	$8.79	24.9%
Exceeded $25 Million			
Community Driven CU	$25.20	$21.50	17.2%
Sterling Van Dyke CU	$25.22	$23.59	6.9%
East Traverse Catholic FCU	$25.42	$24.73	2.8%
Exceeded $50 Million			
Affinity Group CU	$50.48	$49.32	2.4%
Chief Financial FCU	$52.60	$47.72	10.2%
Exceeded $100 Million			
TBA CU	$101.20	$98.02	3.3%
Exceeded $250 Million			
Consumers CU	$261.08	$244.11	7.0%