JEFFERSON COUNTY

FEDERAL CREDIT UNION

A COMMUNITY CREDIT UNION

Board Packet

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JEFFERSON COUNTY FEDERAL CREDIT UNION
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April 28, 2010

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JEFFERSON COUNTY FEDERAL CREDIT UNION

MINUTES - BOARD OF DIRECTORS MEETING

DATE: March 24, 2010
TIME: 8:30 AM
LOCATION: Board Room – Main Office

Roll Call

William Eskridge - Chairman	(WE)	Present
Steve Schweitzer - Vice-Chairman	(SS)	Present
Wendell Wright – Treasurer	(WW)	Present
Ed Davis - Secretary	(ED)	Present
Larry Dodson - Director	(LD)	Present
Marilynn Hettich - Director	(MH)	Present
Barbara Hays - Director	(BH)	Present
Susan Clifton – Supv. Comm.		(SC) Present
Stan Robinson – Supv. Comm.	(SR)	Present
Joshua Jackson – Supv. Comm.	(JJ)	Excused
Gary Fischer – Supv. Comm.	(GF)	Present
Carl Hicks - President and CEO	(CH)	Present
Gary Edelen – Sr. Vice President	(GE)	Present

Chairman Eskridge called the meeting to order at 8:30 AM.

A motion was made by LD and duly seconded by MH to approve the minutes of 02-24-10 and 03-10-10 for the Board and 02-24-10 for the Supervisory Committee. Vote Taken – Motion Carried.

All correspondence listed was discussed and explained to the Board's satisfaction by CH.

TREASURER'S REPORT

WW reported the following. There was an increase in deposits from the previous month of $1,864,000 leaving an increase of $1,238,000 year to date. Loan volume for the month showed a decrease of $355,000 and net loans showed a decrease of $61,000 leaving a decrease of $59,000 year to date. We will continue to closely monitor the competition and the overall operation for additional adjustments to dividend and income to benefit the members. Our bottom line is $19,000 below budget due to a host of items. Loan, investment and fee income are less than budgeted. Some expenses like snow removal are ahead of budget. A motion was made by LD and duly seconded by ED to approve the report as printed and presented. Vote Taken - Motion Carried.

PRESIDENT'S REPORT

CH discussed and explained all of the printed report that ultimately becomes a part of these minutes as well as the additional items enumerated below.

1. An update was given regarding NCUA assessment and how the final (?) hit will be handled this month as it pertains to KCFCU and the reserve account amount.
2. A report was given Bramco Federal Credit Union merger. The merger was 03-19-10. Beginning Monday, 03-22-10 we were serving those members. A detail break down was given on the amounts involved. Share deposits were 171 (152 members) for $495,286. CD deposits were 12 for $192,548. Loans were 80 for $545,824. The loan portfolio breakdown by credit score was A 33%, B 12%, C 10%, D 13%, E 29% and unknown 3%. CH advised that GE did a great job pulling all of this together.
3. An update on our annual insurance renewal was discussed. Coverage remains at the same level with an approximate increase of 2½%. An additional slight increase will be caused by our asset growth.
4. It was noted that NCUA responded yesterday to our letter of 03-10-10 advising they will reply to us after they have had time to look into our concerns.

A motion was made by LD and duly seconded by ED to approve the entire report as printed and discussed. Vote Taken – Motion Carried.

SENIOR VICE PRESIDENT'S REPORT

GE reported that we had 97 TV and 79 radio commercials on three stations. Our WBKI information has been archived if anyone wants to watch it. Our business development person has been working on outside marketing and is doing some on site enrollments. She also got four new SEG letters this month. A motion was made by LD and duly seconded by ED to approve as printed and discussed. Vote Taken - Motion Carried.

ANNUAL MEETING COMMITTEE - No Report

EMPLOYEE GRIEVANCE COMMITTEE - No Report

EXECUTIVE COMMITTEE – No Report

FACILITIES COMMITTEE – No Report

INVESTMENT & ASSET/LIABILITY COMMITTEE - Contained in President's report.

MARKETING COMMITTEE - Contained in President's report.

NOMINATING/BYLAWS COMMITTEE – No Report

PERSONNEL & POLICY COMMITTEE – No Report

PLANNING COMMITTEE – No Report

POLICY COMMITTEE – No Report

RISK MANAGEMENT COMMITTEE - No Report

SUPERVISORY COMMITTEE

SC reported on various topics that will be detailed in the minutes.

UNFINISHED BUSINESS - None

NEW BUSINESS

A motion was made by SS and duly seconded by LD to approve the loan officer's report. Vote Taken - Motion Carried.

A motion was made by ED and duly seconded by MH to approve the Investment & Asset Liability/Committee's report. Vote Taken - Motion Carried.

AIPL – No action taken.

A motion was made by WW and duly seconded by LD to approve the loan charge off exception of 5 loans for $46,410.56. Vote Taken - Motion Carried.

A motion was made by WW and duly seconded by MH to approve the loan charge off of 17 loans for $50,576. 34. Vote Taken - Motion Carried.

A motion was made by LD and duly seconded by WW to approve a reduction of $10,000.00 of the budgeted March funding of the ALLL. Vote Taken - Motion Carried.
A motion was made by LD and duly seconded by WW to forego the budgeted $75.00 transfer from March's income for allowance for loan overdraft loans and transfer $1,182.00 of that account back to income. Vote Taken - Motion Carried.

A motion was made by MH and duly seconded by SS to approve the dividend rates as enumerated in the President's report for the fourth quarter 2009. Vote Taken - Motion Carried.

A motion was made by SS and duly seconded by LD to approve the adoption of a 457(b) plan to replaced the 457(f) plan for CH. GE's portion of the 457(f) will be converted also at the scheduled maturity. Vote Taken - Motion Carried.

A motion was made by WW and duly seconded by MH to adjourn at 9:25 AM. Vote Taken - Motion Carried.

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Chairman	Secretary

JEFFERSON COUNTY FEDERAL CREDIT UNION
MINUTES - BOARD OF DIRECTORS SPECIAL MEETING

DATE: April 14, 2010
TIME: 8:30 A.M
LOCATION: Holiday Inn – Hurstbourne Lane

Roll Call

William Eskridge - Chairman	(WE)	Present
Steve Schweitzer - Vice-Chairman	(SS)	Excused
Wendell Wright – Treasurer	(WW)	Present
Ed Davis - Secretary	(ED)	Present
Larry Dodson - Director	(LD)	Present
Marilynn Hettich - Director	(MH)	Present
Barbara Hays – Director	(BH)	Excused
Carl Hicks – President and CEO	(CH)	Present

Chairman Eskridge called the meeting to order at 8:30 A. M. The following items were discussed and CH's report and the attachments becomes a part of these minutes.

1. **Financials –** Financials were discussed in depth particularly relating to the additional write off of $51,000 of paid in capital at KCFCU that was written off this month.

2. **Deposit & Loan Rates** – Still very competitive in all areas.

3. **457 F Plan** – The funds from CUNA that CH was earning on were returned 04-08-10. The funds due CH were distributed to him as well. The remaining $800,000 of credit union principal was in the "one year fixed" fund as it always has been. GE's earnings were put in the "one year fixed" account to protect it from any market losses at his request. Pursuant to funding the 457B plan a $1,000,000 CD was purchased from KCFCU in the form of a 2 year callable which is fully federally insured. The rate is 1.27% with monthly compounding which makes it about 1.33% yield Dan Balogh of SWBC will handle the 457 B plan.

4. **457 B Plan** – A motion was made by WW and duly seconded by MH to fund the 457 B Plan for CH as follows. The amount will be $16,500 net after FICA and FUTA (based on the maximum allowed by IRS rules) to be written off for the remainder of this year. This plan will be funded annually and written off over 12 months in the same amount as long as CH is an active employee. The funds remain the property of JCFCU until CH retires. At the time he begins drawing the funds he is obligated to pay the remaining taxes (federal, state and local) on the principle and interest gained. If GE chooses to continue the 457F plan in 2011 he will be allowed to do so. If he wants the B plan it will be available to him at 70% of the maximum allowed to be deferred by IRS rule. This account will be booked in the same manner the 457 F is. Vote Taken – Motion Carried.

5. **NCUA Examination Report & Response** – NO RESPONSE ON OUR LETTER YET.

6. **BRAMCO MERGER –** The merger completion certification was received from NCUA. A motion was made by LD and duly seconded by ED to approve the attached charter amendment approved by NCUA adding the former Bramco FCU's field of membership to ours. Vote Taken – Motion Carried unanimously.

7. **Annual Meeting** – Was discussed and plans reviewed. Possible replacements for Richard Koch were discussed to be appointed 05-14-10.

8. **Shareone CUSO** – I attended the shareholders meeting and the books were found to be in order and the company solid. A loss of $6,300 for 2009 was posted after some tax adjustments. There are several new clients in the process of conversion now or on the verge of committing to a contract.

All the above items were discussed and reviewed by the Board. There being no further business WE declared the meeting adjourned at 9:40 A.M.

Chairman

Secretary

JEFFERSON COUNTY FEDERAL CREDIT UNION

MINUTES - SUPERVISORY COMMITTEE MEETING

DATE: March 24, 2010
TIME: 8:00 A.M.
LOCATION: Board of Directors Conference Room - Main Office

Members Present

Susan Clifton	(SC) – Chair
Stan Robinson	(SR)
Gary Fischer	(GF)

A letter was received from NCUA relative to a complaint from a member that staff has dealt with on several occasions. The problem is with the ID Recovery fee charged to Douglas Whitesides. We reviewed the facts and agree that no refund shall be authorized. Member had ample time to opt out before the fees were taken and he did enjoy the coverage for that period of time due to his not opting out.

The expense disbursements for the last month were reviewed. All were found to be in order.

There being no further business SC adjourned the meeting at 8:30 AM.

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Susan Clifton - Chair

NCUA LETTER TO CREDIT UNIONS

NATIONAL CREDIT UNION ADMINISTRATION
1775 DUKE STREET, ALEXANDRIA, VA 22314

DATE: **April 2010** **LETTER NO.: 10-CU-03**
TO: **Federally-Insured Credit Unions**
SUBJ: **Concentration Risk**
ENCL: **Supervisory Letter – Concentration Risk**

Dear Board of Directors:
NCUA examiners were recently provided guidance addressing the evaluation of concentration risk. This letter provides all federally insured credit unions with the same guidance via the attached Supervisory Letter.

I encourage credit union officials to understand the concentration risk in their credit union's current balance sheet, as well as how strategic plans may affect the level of concentration risk; and to ensure their risk management practices are commensurate with the level of risk.

Also, please refer to the recent Advisory on Interest Rate Risk Management issued by the Federal Financial Institutions Examination Council in January 2010 for additional guidance.

I encourage credit unions to open a dialogue with examiners to consider the suitability of existing risk management practices given the risks inherent in any concentration.

If you have any questions related to this letter, you should contact your regional office, district examiner, or state supervisory authority.

Sincerely – Deborah Matz, Chairman

ENCLOSURE – Supervisory Letter 10-CU-03

Concentration Risk

Credit union officials and management have a fiduciary responsibility to identify, measure, monitor, and control concentration risk. Concentration risk must be managed in conjunction with credit, interest rate and liquidity risks; as a negative event in any category may have significant consequences on the other areas, as well as strategic and reputation risks.

Concentration risk has increased in importance during the recent economic recession. Poor risk management of residential and commercial mortgage loan concentrations, in particular, is having an adverse effect on credit unions nationwide; resulting in significant loan losses, earnings deterioration, capital depletion, and increased credit union failures. Most of the recent large losses to the National Credit Union Share Insurance Fund (NCUSIF) are due to poor management of large concentrations in various asset classes in relation to the asset size and net worth level of the failed institutions.

Historical experience shows that concentration of credit risk in asset portfolios has been one of the major causes of bank distress. - Basel Committee on Banking Supervision

What is concentration risk?
A risk concentration is any single exposure or group of exposures with the potential to produce losses large enough (relative to capital, total assets, or overall risk level) to threaten a financial institution's health or ability to maintain its core operations. (Basel Committee on Banking Supervision)

Avoiding concentrating too much in any single product or service is a core tenet of effective risk management and when violated increases the risk of loss to the credit union and to the NCUSIF. Too much reliance on any single product or service increases the potential for adverse consequences from "event risk" (i.e. a negative event, such as a housing market crash, that significantly affects the financial condition of the institution). Every asset, liability, product, service, and third party provider presents a risk of loss to the credit union under varying conditions or events. Some risks are less likely than others to occur. It is up to credit union management to identify the risk in each product or service line, quantify the risk and set appropriate concentration limits based on the analysis.

What are some types of concentration risk?

Concentration risk is present in many forms across credit union operations. Examples include:

- Asset classes (e.g. residential real estate loans, member business loans, automobile loans, loan participations or investments).
- Concentrations within a class of assets. Examples include, but are not limited to:
    - Residential Real Estate Loans – collateral type, lien position, geographic area, non-traditional terms (such as interest-only, payment option, or balloon payment), fixed or variable interest rate, low or reduced underwriting documentation, and loan-to-value (LTV).
    - Member Business Loans (MBLs) – types of loans (e.g. real estate, working capital, and credit cards), collateral type, payment feature (such as interest-only, balloon payments), loan term, geographic area, and LTV.
    - Loan Participations – types of loans (e.g. residential real estate, MBL, and automobile) and the sub-classes associated with the types, originating lender, and geographic area.
    - Loans to one borrower or associated group of borrowers (may include several different types of loans – residential real estate, MBLs, consumer loans, etc).
    - Investments – types of investments (e.g. Treasury securities, certificates of deposit, and mortgage-backed securities), collateral type, interest rates, issuer (public or private), tranche priority, and broker.
- Liabilities (e.g. rate sensitive share deposits or callable borrowings).
- Third-party providers (e.g. CUSOs, indirect loan partners or mortgage brokerage firms).
- Services provided to other parties (e.g. loan underwriting and/or servicing, insurance services, and investment consultation).

When reviewing the types of concentrations in a credit union, examiners must be cognizant of other asset categories that may seem unrelated. For instance, the types of loans and characteristics of the loans may be one form of concentration risk that is easily identified. However, similar characteristics may exist in a loan participation portfolio or an investment portfolio. A clear example of this concept would be a credit union that holds a portfolio of real estate loans and also a portfolio of mortgage backed securities. There are common event risks in these types of assets that must be quantified and mitigated by management.

What are the largest exposures (risk concentrations) in credit unions?

Concentration in credit portfolios is considered to be the most significant source of risk to financial institutions. Trends in credit union balance sheets reflect increased exposure to concentration risk in areas of their credit portfolios, such as:

- **Real estate loans (fixed rates)** – As of December 31, 2009, real estate loans held by credit unions comprise 54 percent of total loans. Of the $217 billion in first mortgage loans, over 60 percent have fixed rate terms. In addition, fixed rate first mortgage loans have increased by 55 percent since 2005.
- **Member business loans** – As of December 31, 2009, member business loans totaled $35 billion. Credit unions grew their member business loan portfolios by 9.8 percent in 2009.
- **Loan participations** – As of December 31, 2009, credit union participations outstanding totaled $12.4 billion, and participation lending increased by 11.6 percent in 2009.
- **Construction and Development (C&D) loans** – As of December 31, 2009, credit unions owned $2.4 billion in commercial and residential C&D loans. While this trend has declined since 2007, the real estate market downturn could continue to have an adverse effect on credit unions with concentrations of C&D loans in their portfolio.

- **Investments in Mortgage-Related Securities** – As of December 31, 2009, credit union investments in mortgage-related securities totaled $58.7 billion; which is in addition to the real estate loan exposure stated above. Investments in mortgage-related securities have more than doubled since 2005.

How is concentration risk identified and measured?

Each product or service carries some risk of financial exposure or loss for the credit union. Management needs to perform a risk assessment which demonstrates their understanding of the risk of the product or service, quantifies the potential loss exposure, and documents a rational business decision on the acceptable concentration level based on the analysis.

The larger the concentration level, the more robust and advanced the analysis and risk management techniques should be. For instance, the sophistication and depth of risk management systems and analysis conducted on a real estate portfolio that represents 20 percent of total loans could be acceptably less than a real estate portfolio that represents 50 percent of total loans. Another example is the level of due diligence conducted on a third party service provider. The more important the service to the core operation of the credit union and the higher the amount of activity and dollar volume of credit union activity it handles, the more sophisticated and robust the due diligence oversight needs to be.

Similar to the depth and sophistication of the initial review, management must increase the intensity and depth of on-going monitoring and review of products and services with high concentrations. To measure and monitor concentration risk, credit unions must start with the systems used to store and analyze their data. For more complex products, establishing comprehensive data warehousing will allow management to track changes in the quality of their various lines of business over time. Without an all-inclusive process to maintain and analyze data, the board of directors and senior management will not have the tools necessary to make strategic and operational decisions in a safe and sound manner.

Maintaining Comprehensive and Accurate Data

Credit union management must emphasize the importance of maintaining comprehensive and accurate data for each risk area. This includes a quality control function to ensure that data entry and changes are accurate and timely.

The credit union should have a data processing system capable of warehousing data on various lines of business, commensurate with its size and complexity, to properly identify and measure concentration risk. For example, this would include maintaining information relevant to the loan portfolio such as loan type, interest rate, interest rate reset dates (if applicable), payment amount, payment shock (the potential increase in payment from an interest rate reset or conversion from interest-only to principal and interest payments), credit score (including original and updated periodically), collateral description, and collateral value (including original and updated periodically). Another example would include maintaining information relevant to the investment portfolio such as type, interest rate, collateral information, market value (original and updated periodically), and external rating (original and updated periodically). This is not an all-inclusive list, but rather a starting point for evaluating if the data processing system is capable of maintaining this type of data.

If the credit union does not have the data processing capability, management should contract with a third party to provide data warehousing and reporting. If management elects to pursue this route, examiners should review their initial and ongoing due diligence of the vendor to ensure it is in accordance with published guidance and safe and sound business practices.

Risk Rating System

Developing an effective, accurate, and timely risk rating system is an important tool for managing concentration risk in the loan portfolio. Risk ratings should be objective, sensitive to changes in borrower and/or loan characteristics, and validated via an independent review function. With loan participations, credit unions should assess the loan utilizing their own internal rating system. In the absence of an internal rating system, management should not rely on the originating institution's system without completing timely, thorough, and ongoing due diligence of that system. Examiners should review management's documentation of the original and ongoing due diligence; ensuring that it is consistent with safe and sound business practices.

Reporting

Management reporting must be periodic and timely, in a format that clearly indicates changes in concentration risk and is commensurate with the size, complexity, and risk exposure of the credit union. The reports should not only measure concentration risk against board approved parameters, but should also measure how the risks change over time. For example, a key factor in determining concentration risk in a loan portfolio would be to measure credit score migration, by obtaining updated credit scores on a periodic basis and analyzing those borrowers who have a declining credit score. The frequency of reporting should be commensurate with the type and size of the concentration; for example, larger portfolios should have at least quarterly reporting.

How is concentration risk managed?

Implementing sound risk management practices is the key to managing concentration risk. When credit unions have significant concentrations on their balance sheet, examiners need to ensure risk management practices are commensurate with the risk assumed relative to net worth, and management clearly identifies and measures the risk taken.

The ultimate responsibility for setting the level of concentration risk assumed by the credit union rests with the board of directors. Senior management is responsible for maintaining concentration risk within the parameters set by the board of directors.

Concentration risk has a substantial influence on credit, strategic, reputation, interest rate, and liquidity risks as all are closely related. All of these risks impact net worth and must be supported by a net worth level commensurate with the risk in the balance sheet. The board of directors and senior management need to manage all of these risk areas simultaneously.

One of the common flaws in managing risks within a credit union is to tie each risk independently to net worth, without monitoring the aggregate exposure of different risks to net worth. The result may be excessive reliance on the level of net worth to manage each individual risk. Effective risk management practices would not only include tying the limits of each product or service to net worth, but also consolidating the risks in products and services and measuring the totality of the risks against net worth.

Board Policy & Concentration Risk Limits

The board of directors must establish a policy which addresses its philosophy on concentration risk, limits commensurate with net worth levels, and the rationale as to how the limits fit into the overall strategic plan of the credit union. The board should use a global perspective when developing this policy, including identifying outside forces (such as economic or housing price uncertainty) which will affect the ability to manage concentration risk. For example, the board should not begin or expand a mortgage program that allows high loan-to-values at the height of a real estate bubble, which will likely lead to significant losses when the market declines.

The parameters set by the board should be specific to each portfolio and should include limits on loan types, share types, third party relationship exposure, etc. The risk limits should correlate to the overall growth objectives, financial targets, and net worth plan. The risk limits set forth in the concentration risk policy should be closely linked to those codified in related policies, including, but not limited to, real estate loan, member business loan, loan participation, asset/liability management (ALM), and investment policies. Concentrations that exceed 100 percent of net worth must be monitored carefully, and the board of directors should document an adequate rationale for undertaking that level of risk.

Third Party Oversight

When working with third parties, due diligence is essential to ensure the risks are properly identified and managed. Examples of third party services include purchase of participations in loans; underwriting, processing and safekeeping member loans; and purchase or safekeeping investments. Numerous guidance letters have been issued on this subject, and are listed in the references section of this letter. The guidance discusses the need for due diligence reviews to take into account the nature of the service, length and depth of expertise exhibited by the vendor, staffing changes, economic and regulatory changes, and risk mitigation strategies associated with vendor oversight. Also important to note is that due diligence is an ongoing process. It encompasses the original review at the outset of product or service implementation and should be updated periodically to monitor changes in the vendor's ability to deliver products or services which meet the credit union's expectations.

How is concentration risk monitored and controlled?

Once the appropriate risk management systems and policies are in place, it is essential monitoring and oversight become routine functions at the senior management level within the credit union. Ultimately, the board of directors is responsible for oversight and monitoring at a strategic level. Regular formal reporting to the board and senior management on compliance with the concentration and risk limits they establish is expected. In addition, management should implement appropriate internal controls, including segregation of duties, to ensure accurate reporting on concentration risk.

Compliance and Oversight

Senior management needs to implement procedures and controls to effectively adhere to and monitor compliance with established policies and strategies. Both the board and management must periodically review information that identifies and measures the level and nature of concentration risk and implement corrective action should the risk from any one area exceed the board approved tolerance level.

Credit unions with large and complex loan or investment programs should establish a specific risk management committee as a sound business practice. The composition of the committee will depend on the size and complexity of the credit union, but should be limited to a small number of senior executives and one or more board members. The agenda of this committee should be limited to risk management issues; specifically concentration risk, credit risk, interest rate risk, liquidity risk, and financial performance.

From a reporting perspective, management should demonstrate compliance with every board established policy limit dealing with concentration risk, as well as limits on associated risks such as credit, interest rate, and liquidity.

Scenario and Sensitivity Analysis

Credit unions should routinely perform portfolio-level scenario and sensitivity tests to quantify the impact of changing economic conditions on asset quality, earnings, and net worth. In general, scenario analysis uses the model to predict a possible future outcome given an event or a series of events, while sensitivity analysis tests a model's parameters without relating those changes to an underlying event or real world outcome. (Basel Committee on Banking Supervision, *Principles for Sound Stress Testing Practices and Supervision*. May 2009.) The outcome of sensitivity analysis is to determine which assumptions have the most impact on the model's results.

Credit unions should consider the susceptibility of portfolio segments with common risk characteristics to changing market conditions. Examples of common risk characteristics can be by loan type, investment type, collateral type, geographic area, individual or associational groups of borrowers, business lines, etc. An example scenario analysis for a concentration in HELOC mortgages would be the risk to earnings if unemployment in the area doubled while house market values declined by 25 percent, combined with the effect of interest rate resets and associated payment shock. An example scenario analysis for a concentration in 30-year, fixed-rate mortgages would be the risk to earnings and capital from liquidity and interest rate risks in a rising rate environment; where liquidity risk increases as mortgage cash flows decrease, and rising interest rate risk causes earnings to deteriorate as members seek higher dividend rates to maintain their deposits.

The analyses should be multi-faceted to explore the effect of single and multiple simultaneous negative events on the portfolio. The sophistication of scenario and sensitivity analyses should be consistent with the size, complexity, and risk characteristics of the portfolio as a whole.

What are basic review procedures for examiners related to concentration risk?

The following are some basic review steps and questions examiners should ask when conducting a review of concentration risk. Examiner expectations for the depth and sophistication of the responses from credit union management should increase if the initial review of a credit union's balance sheet reveals potentially high exposure.

- Does the credit union have policies directly related to identifying, measuring, monitoring, and controlling concentration risk? Examiners should ensure credit unions consider the following when evaluating the board policies:
  - The level and nature of inherent risk on the balance sheet;
  - Management expertise;
  - Risk management practices;
  - Market conditions; and
  - Adequacy of reserves allocated for concentration risk.

- Has the credit union developed appropriate policies and procedures, including establishing acceptable risk limits for each product and service on an individual and aggregate basis?
- Has management assessed the adequacy of net worth based on the aggregate potential exposure to all forms of concentration risk, while also considering the potential credit, interest rate, and liquidity risk impact on net worth?
- Has the credit union considered the various types of concentrations and their interrelationship, particularly between asset classes or common products and service characteristics, which may present higher risk when aggregated?
- Has the credit union considered the “event risks” that may expose them to financial loss for each asset class, quantified the risk, and established appropriate risk tolerance limits based on the probability and potential impact from each event?
- Do the board and senior management receive regular reports on the individual and aggregate exposure to concentration risk?
- Does management have predetermined actions to take when risk limits are reached? Do they take the appropriate action? A material red flag is a credit union that simply raises the established limit when it is reached without advanced analysis supporting the rationale for the change in policy.
- Is the credit union’s system of identifying, measuring, monitoring, and controlling concentration risk commensurate with the level of potential concentration risk exposure?
- When credit unions have significant loan concentrations, does management maintain reports and perform analysis of the following:

  - Origination and portfolio trends by product, loan structure, originator channel, credit score, LTV, debt-to-income ratio (DTI), lien position, documentation type, property type, appraiser, appraised value, and appraisal date;
  - Delinquency and loss distribution trends by product and originator channel with accompanying analysis of significant underwriting characteristics, such as credit score, LTV, and DTI;
  - Vintage tracking (Risk Alert 05-Risk-01, Specialized Lending Activities – Third-Party Indirect Lending and Participations, and the accompanying supplemental guidance whitepaper on static pool analysis discusses how such analysis can be used to track the performance of most loan pools. This guidance can be applied to all non-traditional products or other loan products, not just indirect lending.) (i.e., static pool analysis);
  - The performance of third-party (brokers, auto dealers, and correspondents) originated loans; and,
  - Market trends by geographic area and property type to identify areas of rapidly appreciating or depreciating housing values?

What options are available when a credit union or the examiner identifies elevated concentration risk?
The board of directors and management should have triggers and action plans in writing for any material risk area. If the credit union’s monitoring activities identify concerns with a concentration, the board of directors must respond accordingly. Similarly, if an examiner believes there may be elevated concentration risk issues present in a credit union, and management has not properly quantified and mitigated the risk, they should require corrective actions of management that include, but are not limited to:

- Expanding the review of the risk environment for the particular sector(s);
- Performing elevated scenario and sensitivity analyses;
- Expanding the review of performance of existing borrowers;
- Reviewing growth and limitations for new business lines; and/or
- Reviewing risk mitigation options and timeframes for reduction of risk, if necessary.

If management determines concentration risk is elevated, they should implement steps to mitigate the risk. If management does not properly assess or control the level of risk, examiners should require corrective actions to mitigate the risks, including but not limited to:

- Reducing limits or thresholds on risk concentrations;
- Reducing exposure to new business lines to address undue concentrations;
- Transferring risk to other parties by either selling directly or as part of securitization transactions; and/or
- Ceasing the product or service line.

Conclusion
Excessive concentration risk can severely impact the financial condition of a credit union. High concentrations in areas experiencing severe economic distress could result in significant losses exceeding a credit union’s net worth. It is the fiduciary responsibility of management and officials of credit unions to identify, manage, monitor, and

control the risks facing the credit union, including concentration risk. Examiners need to ascertain whether the board of directors and management understand and actively manage this risk. Credit union management should know what their concentration risk is and be able to demonstrate appropriate risk management and mitigation practices to minimize the risk of significant financial condition decline.

References

1. Federal Deposit Insurance Corporation. Managing Commercial Real Estate Concentrations in Challenging Environment, FIL-22-2008. Issued March 17, 2008; http://www.fdic.gov/news/news/financial/2008/fil08022.html
2. National Credit Union Administration. Letter to Credit Unions No. 10-CU-02; Current Risks in Business Lending and Sound Risk Management Practices. Issued January 2010.
3. National Credit Union Administration. Letter to Credit Unions No. 08-CU-26; Evaluating Loan Participation Programs. Issued November 2008.
4. National Credit Union Administration. Letter to Federal Credit Unions No. 08-CU-20; Evaluating Current Risks to Credit Unions. Issued August 2008.
5. National Credit Union Administration. Letter to Credit Unions No. 08-CU-09; Evaluating Third Party Relationships Questionnaire. Issued December 2007.
6. National Credit Union Administration. Letter to Credit Unions No. 07-CU-13; Evaluating Third Party Relationships. Issued December 2007.
7. National Credit Union Administration. Letter to Credit Unions No. 05-CU-07; Managing Risks Associated with Home Equity Lending. Issued May 2005.
8. National Credit Union Administration. Letter to Credit Unions No. 03-CU-15; Real Estate Concentrations and Interest Rate Risk Management for Credit Unions with Large Positions in Fixed-Rate Mortgage Portfolios. Issued September 2003.
9. Federal Financial Institutions Examination Council. Advisory on Interest Rate Risk Management. Issued January 2010. http://www.ncua.gov/news/press_releases/2010/JR10-0107.pdf
10. Interagency Final Guidance on Concentrations in Commercial Real Estate Lending, Sound Risk Management Practices, published in Vol. 71, No. 238 of the Federal Register. Issued December 12, 2006. http://edocket.access.gpo.gov/2006/pdf/06-9630.pdf
11. Basel Committee on Banking Supervision. Working Paper No. 15; Studies on credit risk concentration: an overview of the issues and a synopsis of the results from the Research Task Force project. Issued November 2006. http://www.bis.org/publ/bcbs_wp15.htm

NCUA LETTER TO CREDIT UNIONS

NATIONAL CREDIT UNION ADMINISTRATION
1775 DUKE STREET, ALEXANDRIA, VA 22314

DATE: **April 2010** **LETTER NO.: 10-CU-04**
TO: **Federally-Insured Credit Unions**
SUBJ: **Grants Available from NCUA**
ENCL: ***General Guidelines: 2010 Technical Assistance for Credit Unions***

Dear Board of Directors:
The National Credit Union Administration (NCUA) is pleased to announce the 2010 Community Development Revolving Loan Fund (CDRLF) Technical Assistance Grant Program.

As a result of NCUA's ongoing efforts to provide credit unions with resources for offering better services to their members and improving technologies and operations, Congress has again appropriated funds to the CDRLF. For 2010, the CDRLF received a $1,250,000 appropriation for technical assistance.

NCUA is allocating this appropriation for the following grant initiatives:

Grant Initiatives	NCUA Allocation	Maximum Grant
Financial Education *	**$300,000**	**$15,000**
Partnerships & Outreach *	**$300,000**	**$15,000**
Building Internal Capacity	**$150,000**	**$5,000**
Volunteer Income Tax Assistance	**$125,000**	**$6,500**
Staff, Official & Board Training	**$125,000**	**$3,000**
Building Technology	**$100,000**	**$5,000**
Student Internship & Job Creation *	**$100,000**	**$5,000**
Capital Plan *	**$50,000**	**$2,500**

** new grant initiatives in 2010*

In addition, NCUA has set aside some funds for Urgent Needs Grants to be used by eligible credit unions in cases of extreme necessity.

To learn more about each of these specific grant initiatives, see the enclosed guidance. Further information is also available on NCUA's new website at www.ncua.gov. (Scroll to Resources for Credit Unions, then click Credit Union Development.)

NCUA's CDRLF was established by Congress to support credit unions that serve low-income communities by providing loans and technical assistance grants (TAGs) to qualifying institutions. These programs benefit credit unions as well as the communities they serve.

CDRLF programs provide credit unions with resources to improve the quality of services to their communities and facilitate more effective and efficient operations. In their communities, credit union services help stimulate economic growth and increase income, ownership, and employment opportunities for low-income residents.

Federal credit unions wishing to participate in the CDRLF's programs must be officially designated as "low-income" as set forth in NCUA's Rules and Regulations Section 701.34. This means more than half of the members must meet NCUA's definition for "low-income member." NCUA amended this definition last year to use median family income (MFI) instead of median household income (MHI). The amendment eliminated confusion over adjusting MHI in high-cost areas. For more information on obtaining a low-income designation, visit the following link: http://www.ncua.gov/Resources/CreditUnionDevelopment/Underserved.aspx.

State-chartered credit unions must have the equivalent low-income designation from the respective state supervisory authority and concurrence from NCUA.

I strongly encourage all credit unions serving low-income memberships to consider the advantages of CDRLF programs and apply for grants. If your credit union is not currently low-income designated, I invite you to review the criteria to explore if the designation may be appropriate.

Your NCUA Regional Office and the Office of Small Credit Union Initiatives can also provide additional information regarding the CDRLF programs and how credit unions may qualify for a low-income designation and participate in these special initiatives.

Sincerely – Deborah Matz, Chairman

NCUA LETTER TO CREDIT UNIONS

NATIONAL CREDIT UNION ADMINISTRATION
1775 DUKE STREET, ALEXANDRIA, VA 22314

DATE: **April 2010** **LETTER NO.: 10-CU-05**
TO: **Federally-Insured Credit Unions**
SUBJ: **State of the Credit Union Industry - 2009**
ENCL: ***General Guidelines: 2010 Technical Assistance for Credit Unions***

Dear Board of Directors:
Enclosed is a report analyzing credit union financial trends for 2009. This report is intended to provide you with detailed information about risks that NCUA will continue to focus on in 2010.

The credit union industry remains sound; however, the current economic volatility continues to have an adverse impact on a majority of the financial trends. Credit risk remains a crucial issue for credit unions and will be closely monitored by our field staff. Delinquency and loan losses continue to increase, especially in the real estate sector. The credit quality of loans will remain an ongoing concern due to the weakened real estate market.

Interest rate risk and liquidity risk are also closely monitored and will continue to be emphasized by NCUA. The loan growth noted in 2009 continued to be from the real estate sector. The majority of these loans are long-term fixed-rate first mortgages primarily funded with higher-cost share accounts and short-term borrowed funds. This has been a consistent trend over the last several years, but it cannot be sustained. As interest rates begin to rise, sound management of interest rate risk and liquidity risk will be critical to credit unions' survival.

At the same time, concentration risk is a growing concern. We recently issued guidance to all NCUA staff and the credit union industry in an effort to mitigate the risks of excessive concentration in any type of asset.

Thank you for your cooperation in submitting your financial and statistical data in a timely manner.

Sincerely – Deborah Matz, Chairman

FINANCIAL TRENDS IN FEDERALLY INSURED CREDIT UNIONS
January 1 – December 31, 2009
HIGHLIGHTS

This report summarizes the trends of all federally insured credit unions that reported as of December 31, 2009. Change is measured from December 31, 2008.[1]

- **Assets** increased $73.64 billion or 9.08% to $884.76 billion.
- **Net Worth** increased $1.60 billion or 1.86%. The net worth to assets ratio decreased from 10.61% to 9.91%.
- **Earnings** as measured by the return on average assets was 0.20%.[2]
- **Loans** increased $6.44 billion or 1.14%. The loan to share ratio decreased from 83.10% to 76.05%.

Number of Credit Unions Reporting		
	Federal CUs	State CUs
2004	5,572	3,442
2005	5,393	3,302
2006	5,189	3,173
2007	5,036	3,065
2008	4,847	2,959
2009	4,714	2,840

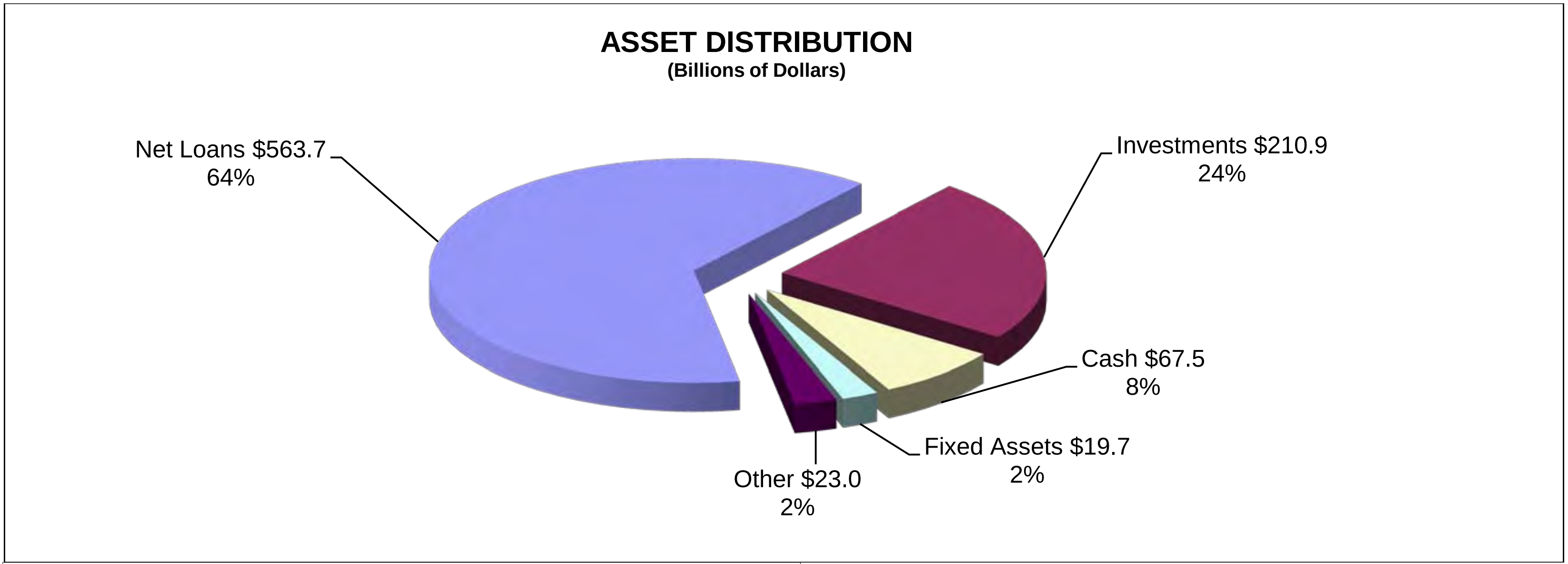
- **Delinquent** loans as a percentage of total loans increased from 1.38% to 1.82%. Delinquent real estate loans as a percentage of total real estate loans increased from 1.20% to 1.95%.
- **Net Loan Charge-Offs** increased $2.26 billion or 48.77%. The ratio as a percent of average loans increased from 0.85% to 1.21%.
- **Shares** increased $71.54 billion or 10.50%. The majority of the growth in share dollars came from money market and regular shares.
- **Current members** increased by 1.34 million or 1.52%.

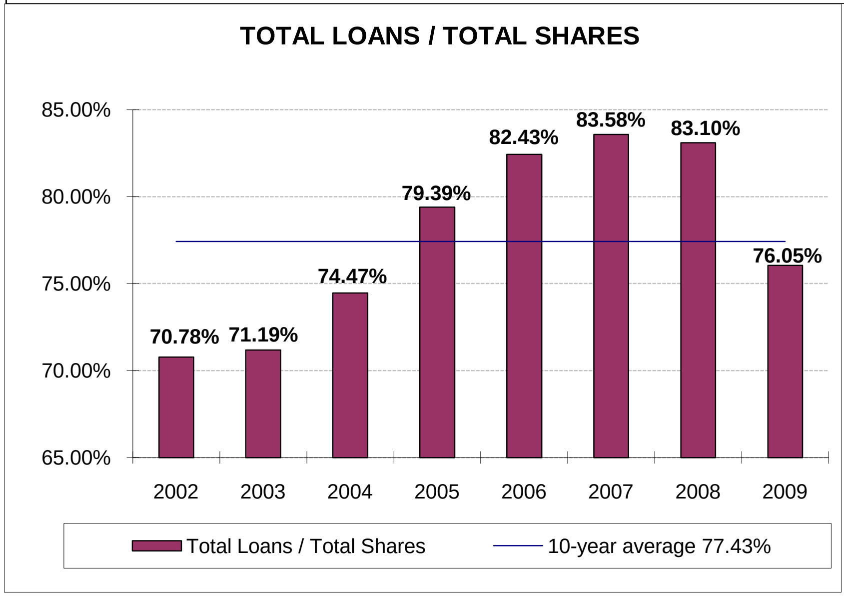
Federally insured credit unions performed modestly in 2009 as credit quality continues to be cause for concern. The delinquent loan and loan loss ratios increased 44 and 36 basis points respectively, while the provision for loan and lease losses expense ratio exceeds one percent of average assets. Real estate loans remain the dominant loan category in credit unions, highlighting the need for continued vigilance in underwriting and sound asset-liability management practices.

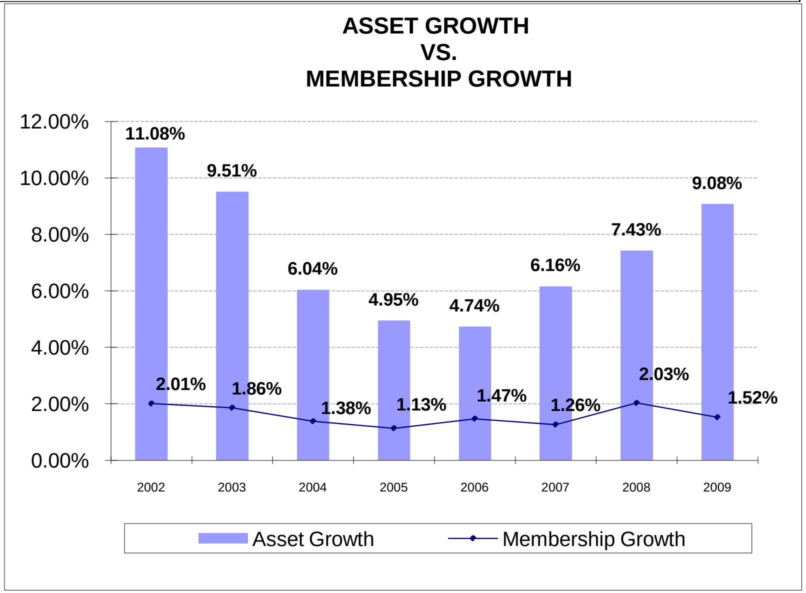
Total Shares and Deposits (In Billions)	2008	2009	%Change
Insured Shares & Deposits ($250,000 level)	$658.92	$724.80	10.00%
Uninsured Shares & Deposits ($250,000 level)	$22.21	$27.87	25.48%

[1] The financial results for prior periods may reflect changes when compared to the prior period trend letters due to subsequent call report modifications.
[2] The Return on Average Assets ratio is annualized net income divided by average assets for the period and includes the NCUSIF Stabilization Expense and NCUSIF Stabilization Pass-Back Income.

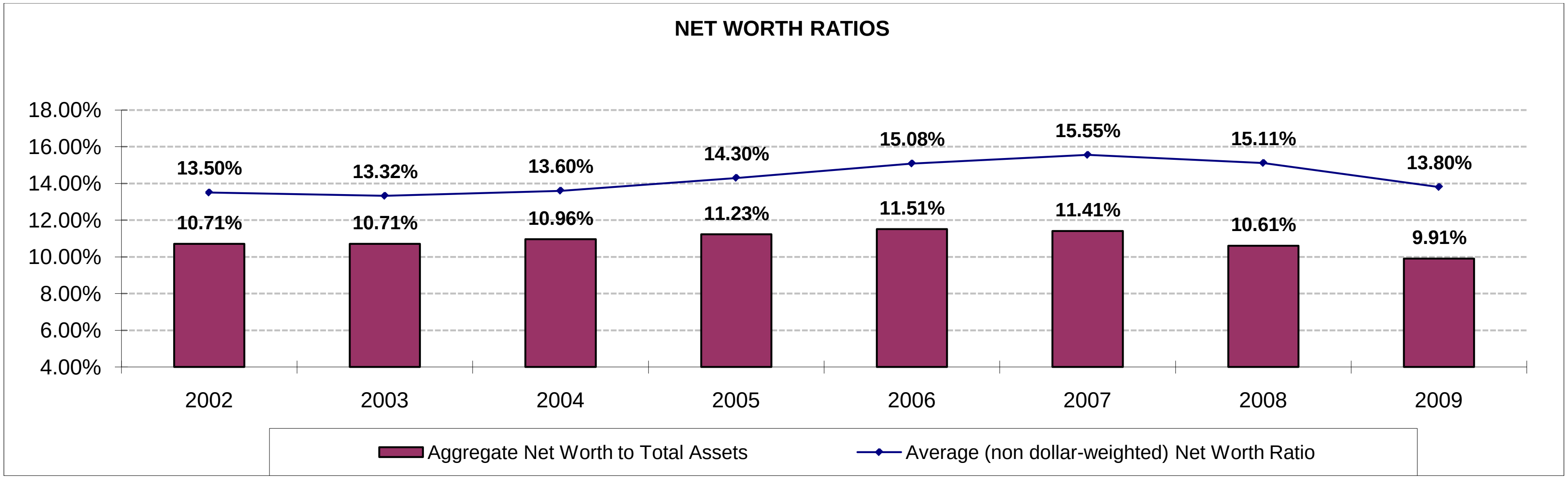
OVERALL TRENDS







NET WORTH

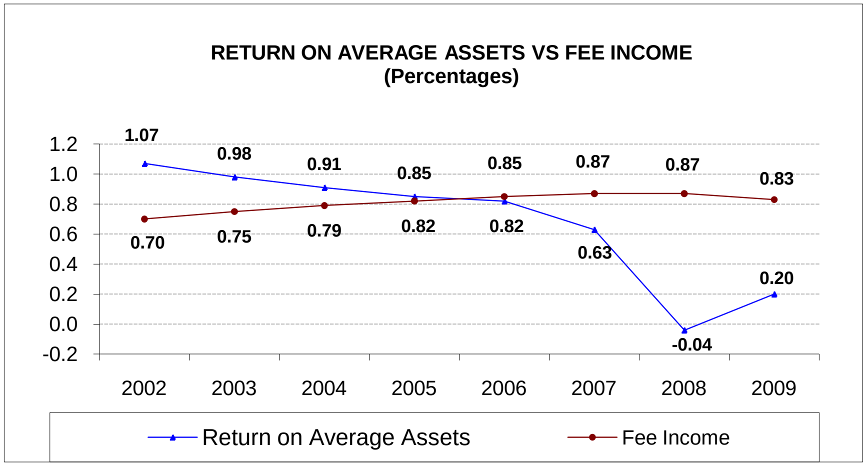


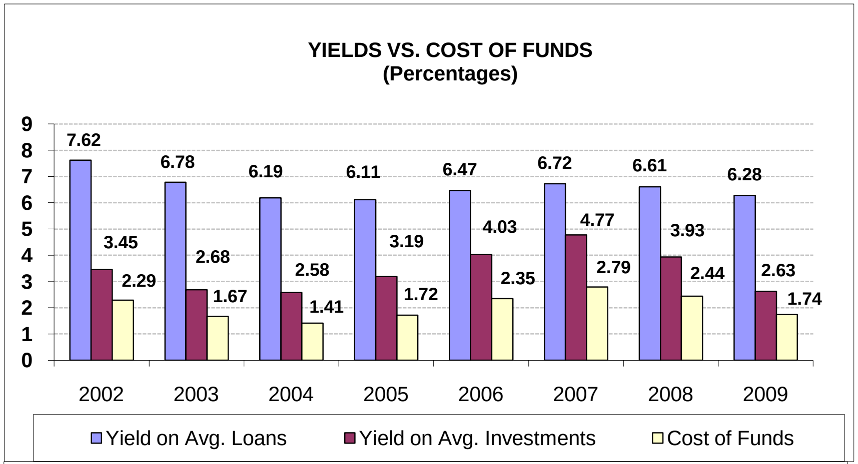
	December 2008 In Billions	December 2009 In Billions	% Change
Total Net Worth	$86.13	$87.73	1.86%
Secondary Capital	$.032	$.079	143.95%

NET WORTH RATIOS				
Number of Credit Unions	**December 2008**	**% of Total**	**December 2009**	**% of Total**
7% or above	7,649	98.00%	7,160	94.79%
Net Worth Ratios				
6% to 6.99%	83	1.06%	217	2.87%
4% to 5.99%	48	0.61%	129	1.71%
2% to 3.99%	8	0.10%	32	0.42%
0% t0 2.00%	15	0.19%	7	0.09%
Less than 0%	3	0.04%	9	0.12%

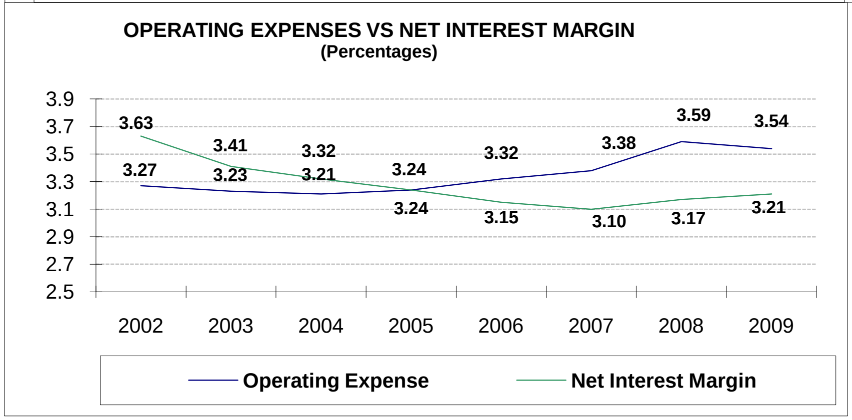
Net worth remains solid and the total dollars increased $1.60 billion or 1.86% during 2009. The net worth ratio declined to 9.91% as a result of the strong share growth during the same time period. The number of credit unions subject to Prompt Corrective Action, as a percentage of total credit unions, increased from 2.00% as of December 31, 2008 to 5.22% as of December 31, 2009, indicating increased stress on individual credit unions from the current economic environment.

EARNINGS





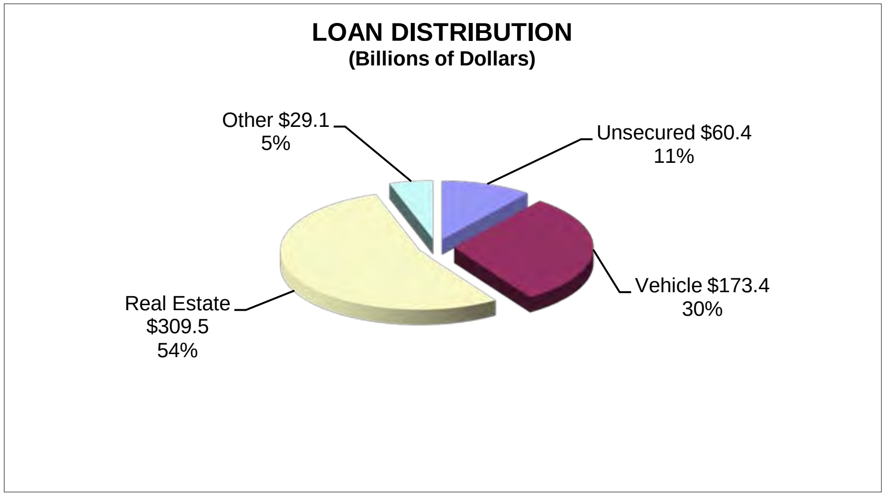
Ratio (% Average Assets)	As of 2008	As of 2009	Effect on ROA
Net Interest Margin	3.17%	3.21%	+4bp
+ Fee & Other Inc.	1.34%	1.36%	+2bp
- Operating Expenses	3.59%	3.54%	+5bp
- PLLL	0.90%	1.11%	-21bp
+ Non-Opr. Income	-0.06%	0.28%**	+34bp
= ROA	-0.04%	0.20%*	+24bp

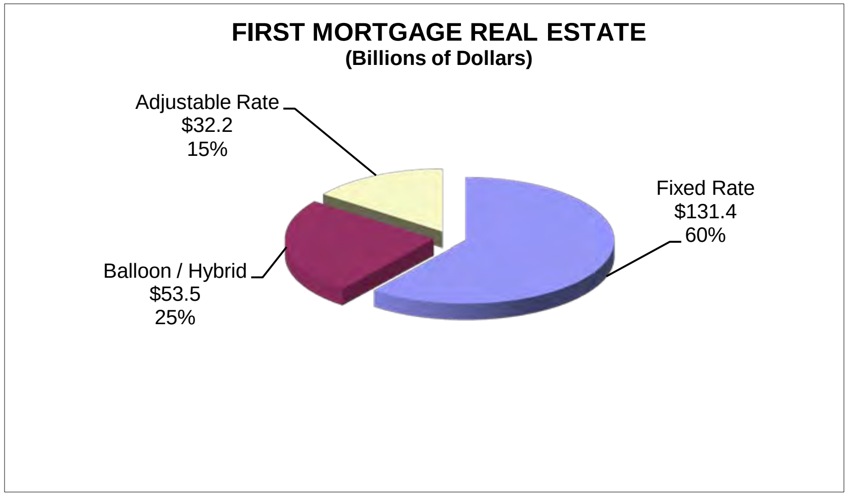


*ROA in an annualized figure after NCUSIF Stabilization Expense and Stabilization Pass-Back Income.
**Includes NCUSIF Stabilization Pass-Back Income.

The reported December 31, 2008 and December 31, 2009 earnings ratios contain data irregularities due to the inconsistent recording of the corporate stabilization expense and recovery pass-back income by credit unions. Based on the reported information, the low level of earnings is primarily impacted by the increasing Provision for Loan & Lease Loss expense. Current earnings are covering the cost of operations and assisting in increasing the dollars of net worth in credit unions but are not sufficient to increase the net worth ratio. Non-Operating Income increased 28 basis points due to credit unions recording NCUSIF Stabilization Pass-Back Income, which offsets the impact of the NCUSIF Stabilization Expense.

LOAN DISTRIBUTION

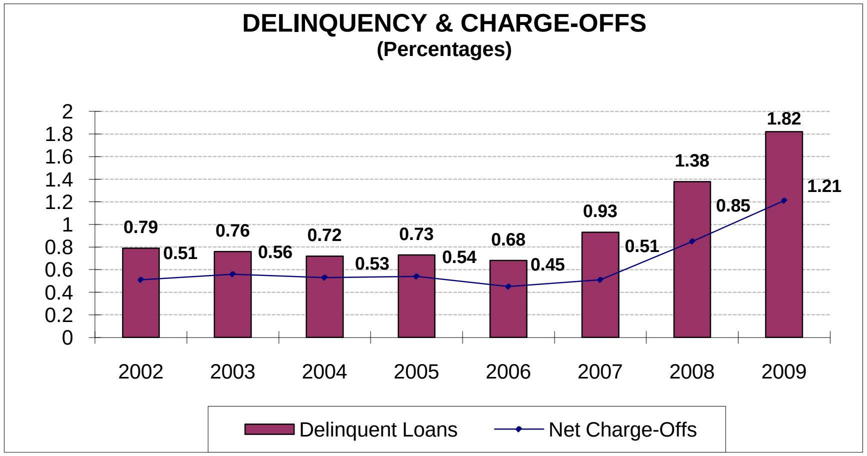


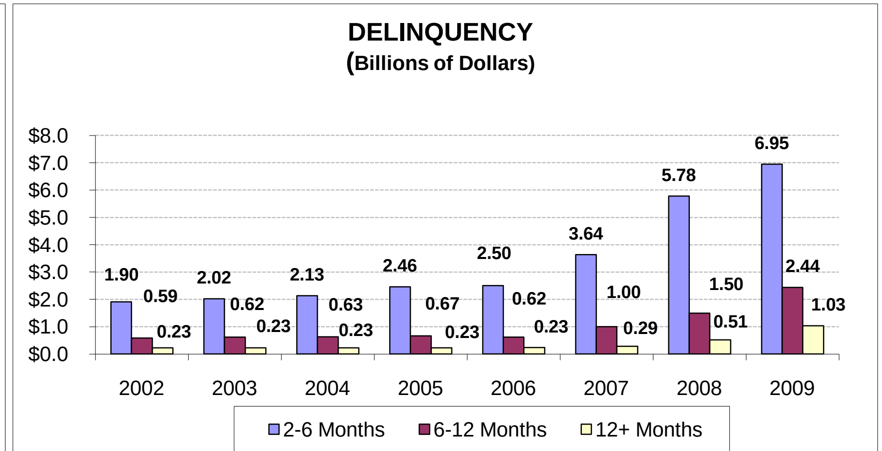


Loan Category	December 2008 Balance In Billions	% of Total Loans 2008	December 2009 Balance In Billions	% of Total Loans 2009	Growth In Billions	Growth Rate
Unsecured Credit Card	$32.72	5.78%	$34.86	6.09%	$2.15	6.56%
All Other Unsecured	$25.35	4.48%	$25.55	4.46%	$0.21	0.81%
New Vehicle	$81.53	14.40%	$75.27	13.15%	-$6.26	-7.68%
Used Vehicle	$94.28	16.66%	$98.13	17.14%	$3.85	4.09%
First Mortgage Real Estate	$207.96	36.74%	$217.10	37.93%	$9.13	4.39%
Other Real Estate	$96.55	17.06%	$92.42	16.15%	-$4.13	-4.27%
Leases Rec & All Other	$27.61	4.88%	$29.11	5.08%	$1.49	5.41%
Total Loans	**$566.00**		**$572.44**		**$6.44**	**1.14%**

Loans grew by $6.44 billion during 2009; however, stronger share growth resulted in the loan to share ratio falling from 83.10% to 76.05%, the lowest level since 2004. Loan growth continues to be fueled by first mortgage real estate. Real estate loans comprise the largest portion of total loans at 54.07%, followed by vehicle loans at 30.29%. During 2009, fixed rate first mortgages increased $8.65 billion (7.05%), adjustable rate first mortgages increased $1.13 billion (3.63%), and balloon/hybrid first mortgages decreased $0.64 billion (-1.18%). Credit unions reported Interest Only & Payment Option loans of $7.02 billion, or 3.23% of total first mortgage loans, and $12.89 billion, or 13.95% of other real estate loans.

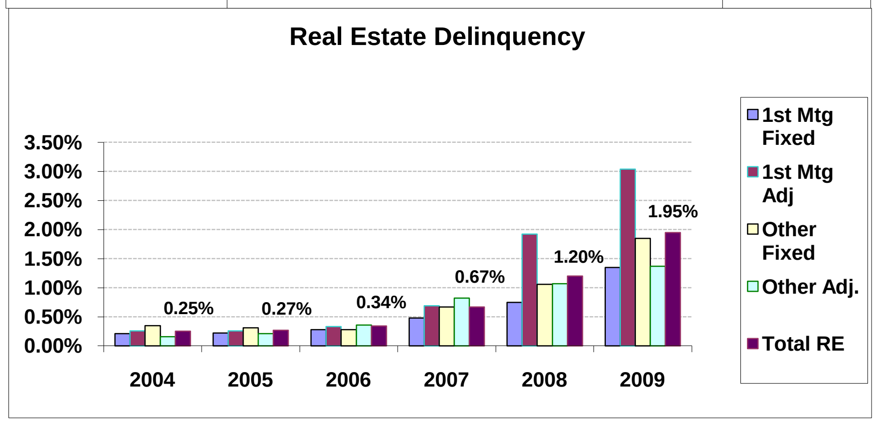
DELINQUENCY TRENDS





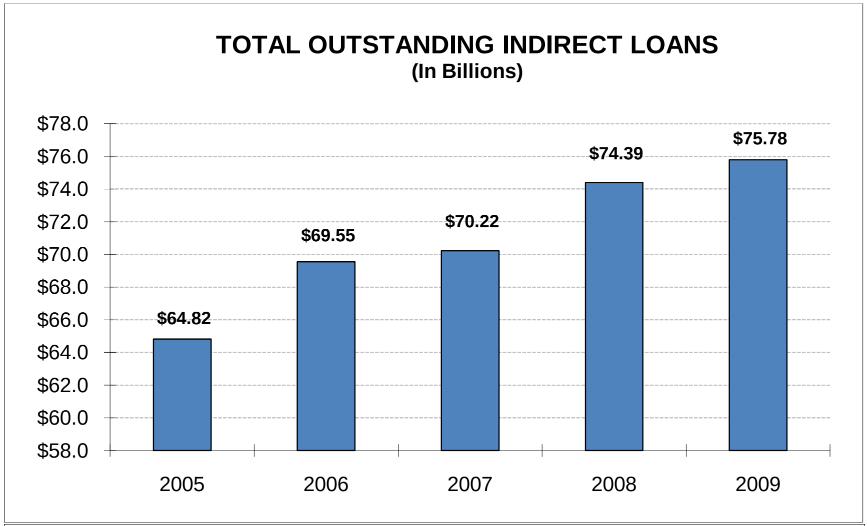
Total Loan Charge-Offs and Recoveries and Outstanding Foreclosed Real Estate	December 2008 In Billions	December 2009 In Billions	% Change
Total Loans Charged Off	$5.22	$7.61	45.74%
Total Loan Recoveries	$0.59	$0.72	21.94%
Total Net Charge-Offs	$4.63	$6.89	48.77%
Foreclosed Real Estate	$0.69	$1.17	70.55%
Repossessed Autos	$0.31	$0.30	-3.13%

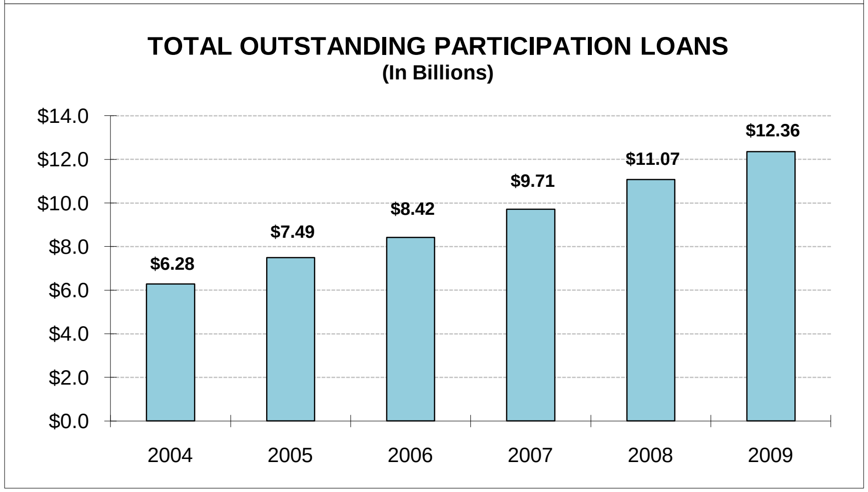
*Annualized

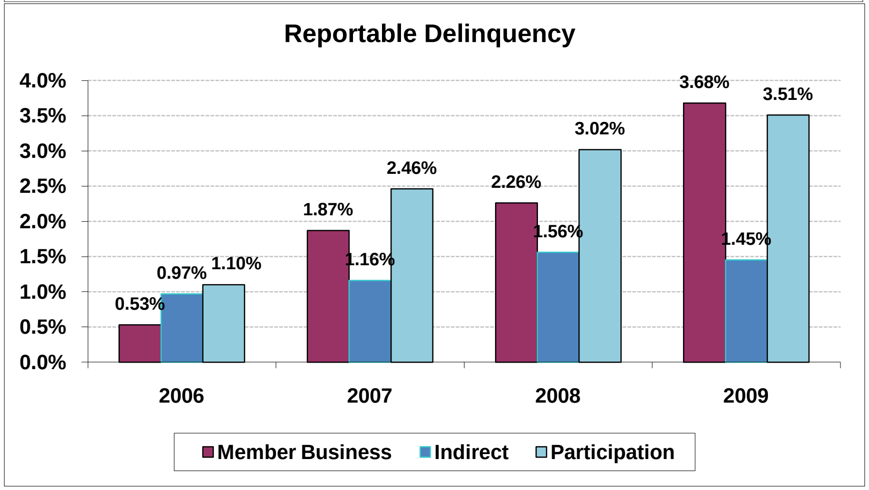


The quality of the loan portfolio continued to deteriorate as delinquency increased 44 basis points from 1.38% to 1.82% and the net charge-off ratio increased 36 basis points from 0.85% to 1.21%. There are continued signs of stress in the performance of real estate loans, and the increasing real estate delinquency and loan losses continue to impact the performance of the overall loan portfolio. Total delinquent real estate loans greater than 2 months increased from 1.20% at year-end 2008 to 1.95% at year-end 2009. All real estate delinquency categories increased with the largest being in 1st Mortgage Adjustable Rate and Hybrid/Balloon loans, which increased from 1.92% as of year-end 2008 to 3.04% as of year-end 2009. Total real estate loans reported as modified increased from $1.49 billion as of year-end 2008 to $6.03 billion as of year-end 2009.

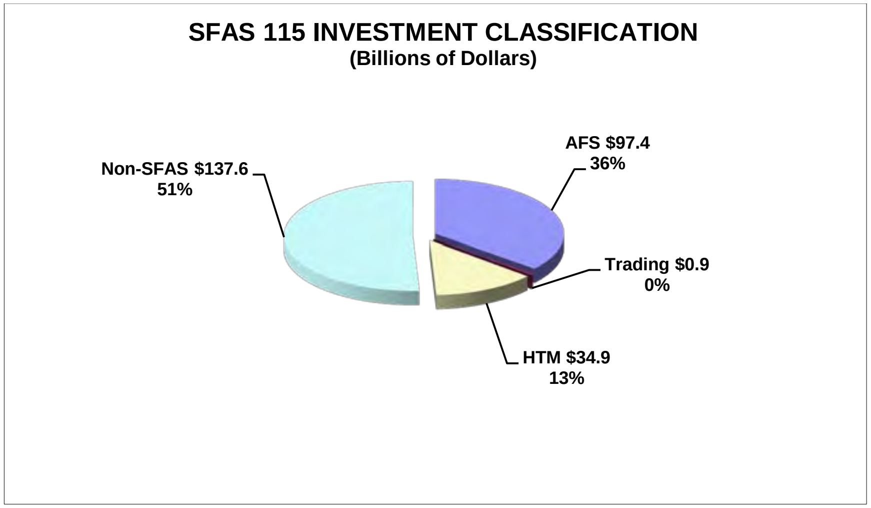
OTHER LOAN AND DELINQUENCY TRENDS

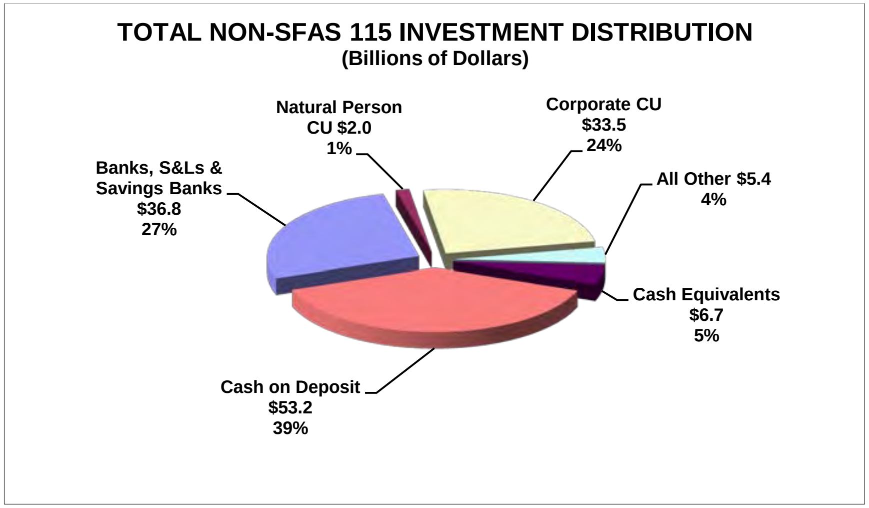






INVESTMENT TRENDS

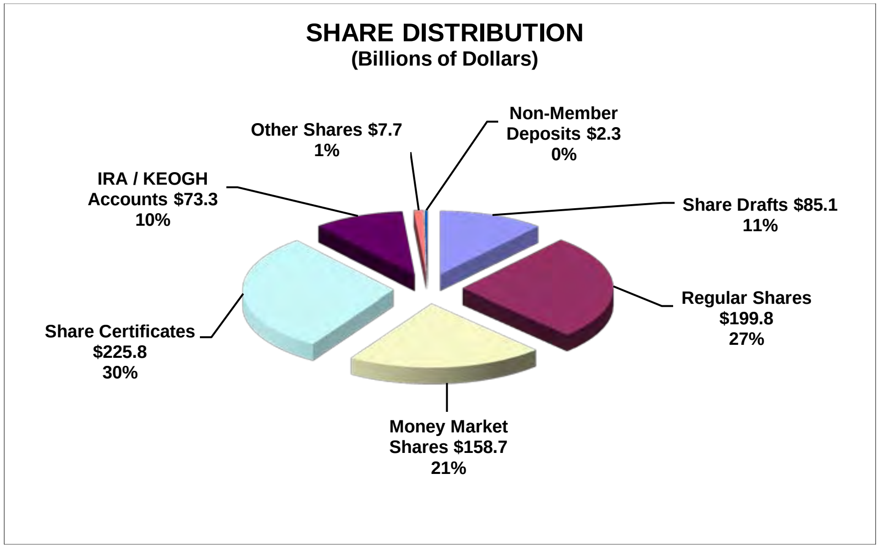


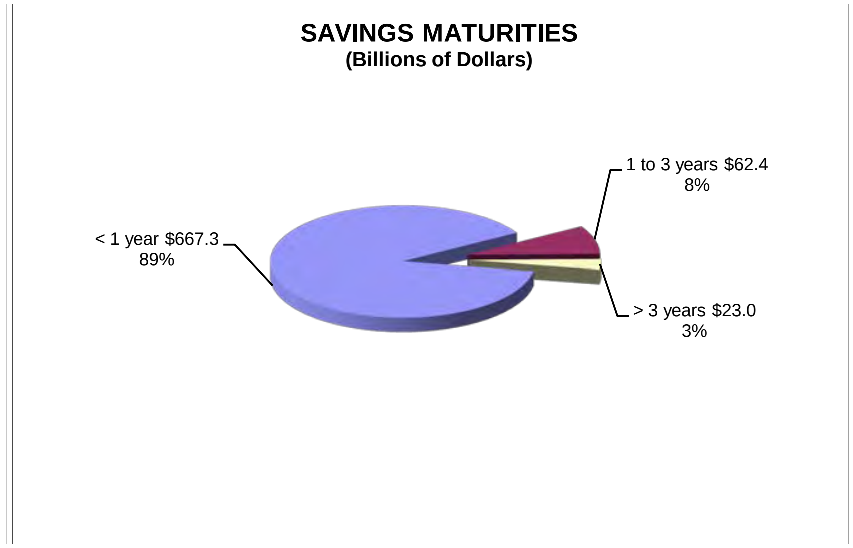


Investment Maturity or Repricing Intervals	December 2008 In Billions	% of Total Investments 2008	December 2009 In Billions	% of Total Investments 2009
Less than 1 year	$111.18	53.87%	$141.22	52.14%
1 to 3 years	$57.55	27.88%	$79.41	29.32%
3 to 5 years	$25.11	12.17%	$32.73	12.09%
5 to 10 years	$9.24	4.48%	$13.02	4.81%
Greater than 10 years	$3.32	1.60%	$4.45	1.64%
Total Investments	$206.40		$270.83	

Strong share growth outpaced loan demand and increased the funds available for investment in 2009. The maturity structure of the investment portfolio remains very short, resulting in a low interest rate risk profile for this portion of the balance sheet. Credit unions maintain their investments in high quality, safe instruments. Over 50% of investments are in cash or equivalents, deposits in corporate credit unions, and deposits in other financial institutions. These provide liquidity and are generally not vulnerable to changing market values. Of the remaining investments, which are subject to SFAS 115 classification, 85.80% are held in U.S. Government or Federal Agency Securities.

SHARE TRENDS

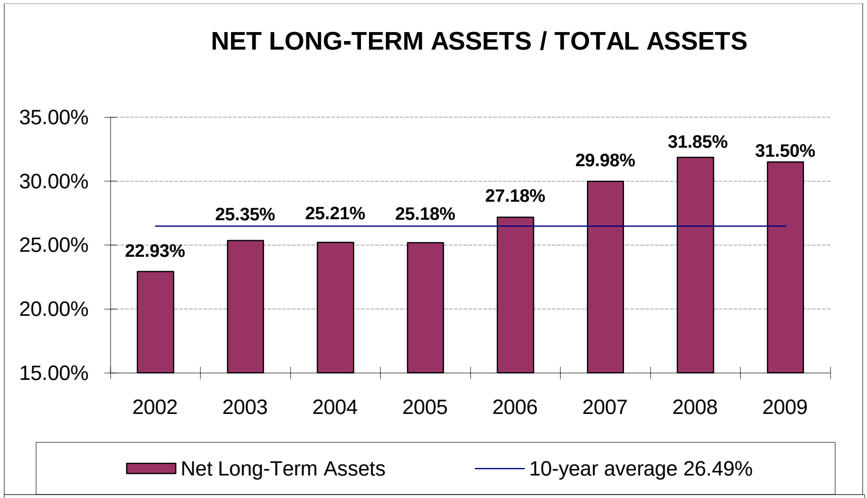


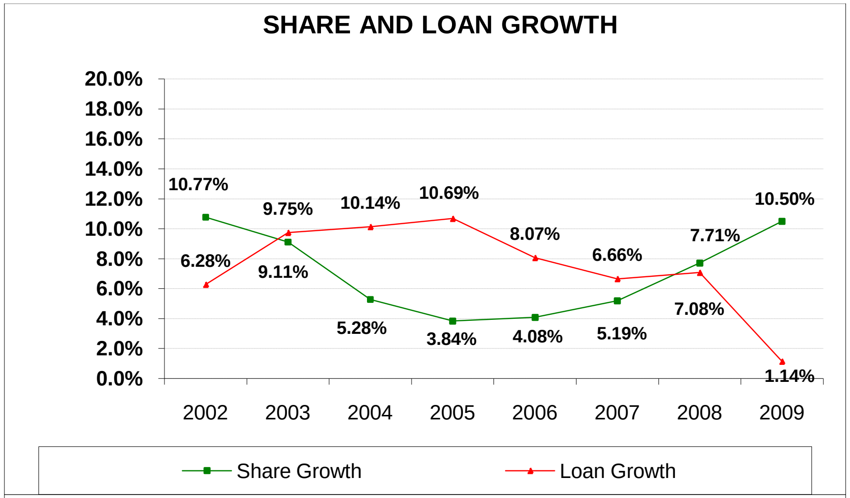


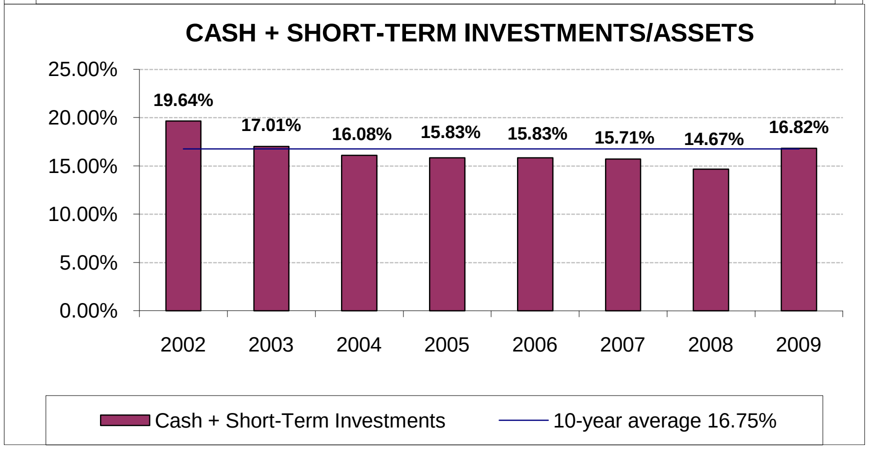
Share Category	December 2008 Balance In Billions	% of Total Shares 2008	December 2009 Balance In Billions	% of Total Shares 2009	Growth In Billions	Growth Rate
Share Drafts	$73.63	10.81%	$85.09	11.31%	$11.46	15.56%
Regular Shares	$178.71	26.24%	$199.77	26.54%	$21.07	11.79%
Money Market Shares	$128.50	18.87%	$158.66	21.08%	$30.16	23.47%
Share Certificates	$226.23	33.21%	$225.79	30.00%	-$0.44	-0.19%
IRA / KEOGH Accounts	$64.68	9.50%	$73.39	9.75%	$8.70	13.46%
All Other Shares	$6.77	0.99%	$7.71	1.02%	$0.94	13.82%
Non-Member Deposits	$2.61	0.38%	$2.26	0.30%	-$0.35	-13.41%
Total Shares	**$681.13**		**$752.67**		**$71.54**	**10.50%**

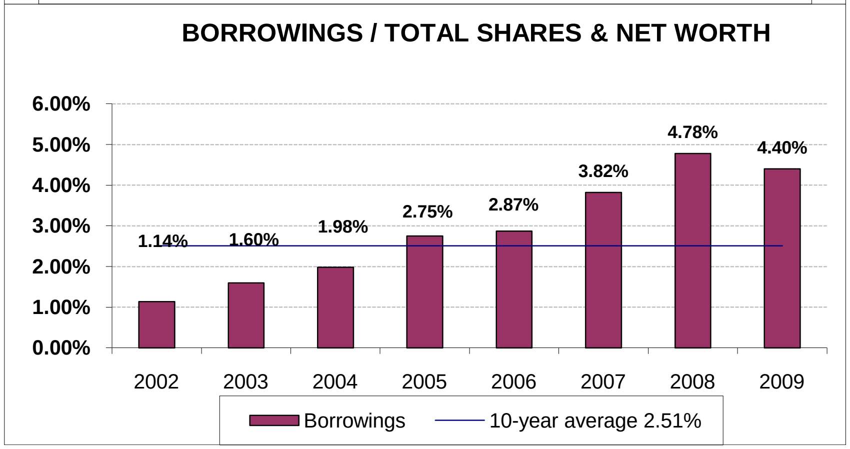
Total shares grew 10.50% or $71.54 billion in 2009. The shift toward rate-sensitive shares continued in 2009 with strong growth in money market shares and IRA/KEOGH accounts. At the same time, regular share growth of 11.79% and share draft growth of 15.56% reflect membership growth trends and continued member loyalty. Share certificates remained the largest category since first exceeding regular shares in 2006.

ASSET LIABILITY MANAGEMENT TRENDS









Credit unions hold adequate levels of liquidity; however, in a rising interest rate environment the potential for increasing interest rate and liquidity risk exists. The increase in cash and short-term investments during 2009 is due to the strong share growth outpacing loan growth. The net long-term asset ratio of 31.50% presents potential interest rate risk exposure, particularly since the majority of the funding for the growth in long-term loans is coming from rate sensitive shares. Credit unions with higher levels of liquidity risk or interest rate risk must maintain diligent risk management procedures.

SUMMARY OF TRENDS BY ASSET GROUP

	Asset Group Under $10 million	**Asset Group** $10 million to $100 million	**Asset Group** $100 million to $500 million	**Asset Group** Over $500 million
# of Credit Unions	2,994	3,195	1,010	355
Total Assets	$11.55 billion	$112.97 billion	$221.57 billion	$538.67 billion
Average Assets	$3.86 million	$35.36 million	$219.37 million	$1.52 billion
Net Worth/Total Assets	15.25%	11.78%	10.12%	9.32%
Average Net Worth (non dollar-weighted)	16.97%	12.42%	10.14%	9.39%
Net Worth Growth*	-3.23%	-1.03%	0.86%	4.68%
Return on Average Assets (ROA)	-0.44%	-0.15%	0.05%	0.35%
Net Interest Margin/Average Assets	3.67%	3.45%	3.33%	3.10%
Fee & Other Income/Average Assets	0.69%	1.18%	1.50%	1.35%
Operating Expense/Average Assets	4.40%	4.27%	4.06%	3.14%
Members / Full-Time Employees	402.05	395.05	349.15	396.84
Provision for LLL/Average Assets	0.51%	0.65%	0.93%	1.30%
Loans/Shares	62.25%	66.39%	73.82%	79.38%
Delinquent Loans/Total Loans	2.77%	1.74%	1.76%	1.84%
% of Real Estate Lns Delinquent > 2 Mths	2.01%	1.71%	1.87%	2.01%
Net Charge-Offs/Average Loans	0.89%	0.85%	1.04%	1.35%
Share Growth*	7.55%	11.15%	11.87%	11.65%
Loan Growth*	-0.38%	3.10%	2.90%	1.62%
Asset Growth*	5.78%	9.89%	10.88%	9.98%
Membership Growth*	-1.10%	0.05%	1.80%	4.62%
Net Long-Term Assets/Total Assets	8.32%	22.52%	30.93%	34.12%
Cash + Short-Term Invest./Assets	33.77%	23.39%	17.74%	14.69%
Borrowings/Shares & Net Worth	0.24%	1.12%	2.95%	5.83%

***Note: The growth trends are based on the same FICUs reporting 12/31/08 and 12/31/09 using assets as of 12/31/09.**

A distinct difference exists in the performance among the different asset groups. Net worth ratios are solid among all asset groups with the largest percentages being reported in the under $10 million category. The highest membership growth, loan to share ratio, net long-term assets, and net charge-off ratio is noted in the over $500 million asset group.

JEFFERSON COUNTY FEDERAL CREDIT UNION

Statement of Financial Condition -- March 2010

ASSETS	
LOANS	40,081,846.23
ASSETS IN LIQUIDATION OF LOANS - RE	0.00
ASSETS IN LIQUIDATION OF LOANS - AU	0.00
REAL ESTATE LOANS - TECUMSEH	62,741.24
TOTAL LOANS TO MEMBERS	40,144,587.47
ALLOW. FOR LOAN LOSSES	(405,764.87)
ALLOW. FOR OVERDRAFT LOSSES	(516.93)
NET LOANS	**39,738,305.67**
FIFTH THIRD	128,677.35
VAULT CASH	742,837.10
CHANGE FUND - ATM MACHINE	59,420.00
PETTY CASH	50.00
CASH TOTAL	**930,984.45**
KENTUCKY CORPORATE FCU	16,990,898.93
FEDERAL HOME LOAN BANK OF CINCINNATI	145,994.43
DEPOSITS - OTHER FINANCIAL INSTITUTIONS	34,706,000.00
SHARE ONE CUSO INVESTMENT	100,000.00
LOAN TO CUCKY	0.00
CLF CU SIP INVESTMENT	0.00
TOTAL INVESTMENTS	**51,942,893.36**
ACCRUED INTEREST - LOANS	173,433.48
OTHER ACCRUED INCOME	0.00
TOTAL ACCRUED INCOME	**173,433.48**
PREPAID & DEFERRED EXPENSES	43,208.89
TOTAL PREPAID & DEFERRED	**43,208.89**
LAND - MAIN & OUTER LOOP OFFICE	448,100.00
BUILDING - MAIN & OUTER LOOP OFFICE	1,547,029.32
IMPROVEMENTS - MAIN OFFICE	1,374.61
IMPROVEMENTS - BRANCH 1	994.13
IMPROVEMENTS - BRANCH 2	0.00
IMPROVEMENTS - BRANCH 3	0.00
IMPROVEMENTS - BRANCH 4	0.00
ACCUM. DEPR. - MAIN & OUTER LOOP OFFICE	(553,765.00)
FURNITURE & EQUIPMENT	48,642.79
COMPUTER EQUIPMENT	27,688.22
TOTAL FIXED ASSETS	**1,520,064.07**
ACCOUNTS RECEIVABLE	(3,000.00)
DEFERRED COMPENSATION	2,215,825.16
CAPITAL DEPOSIT - CUCKY	65,664.00
DEPOSIT - NCUSIF	804,111.88
TOTAL OTHER ASSETS	**3,082,601.04**
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TOTAL ASSETS	**97,431,490.96**

LIABILITIES	
ACCOUNTS PAYABLE	2,762.49
MONEY ORDERS	2,436.40
TRAVELERS CHECKS	0.00
AMUSEMENT PARK TICKETS	0.00
KYCUPAC - FROM MEMBERS	25.00
DEATH CLAIMS	244,137.88
EMPLOYEE 401(K) PLAN	(4,786.37)
INSURANCE COMPANIES	7,106.04
FLOOD DETERMINATION	132.00
RECORDING FEES - CLERK	368.00
ATTORNEY FEES	11,452.00
APPRAISALS	(300.00)
TOTAL ACCOUNTS PAYABLE	**263,333.44**
DIVIDENDS PAYABLE	**4,917.47**
CLF CU SIP NOTE PAYABLE	**0.00**
FEDERAL TAXES	5,897.72
KENTUCKY STATE TAXES	0.00
FEDERAL & STATE UNEMPLOY.	0.00
OCCUPATIONAL TAXES	0.00
TAXES HELD ON DIVIDENDS	1,471.95
ACCRUED PROPERTY TAXES	6,000.00
PENALTIES ON PREMATURE IRA DISTR.	0.00
TOTAL TAXES PAYABLE	**13,369.67**
ACCRUED EXPENSES	546,127.33
TOTAL ACCRUED EXPENSES	**546,127.33**
ACCRUED NCUSIF STABILIZATION EXPENSE	**0.00**
UNAPPLIED EXCEPTIONS	**27,119.34**
TOTAL LIABILITIES	**854,867.25**
CAPITAL	
REGULAR SHARE ACCOUNTS	19,710,402.28
CLUB ACCOUNTS	839,256.82
SHARE DRAFT ACCOUNTS	5,122,951.89
CASH INVESTMENT ACCOUNTS	29,823,832.90
CORPORATE CASH INVESTMENT	2,316,768.04
REWARDS CHECKING	1,920,866.74
IRA - ACCUMULATION ACCOUNTS	1,604,124.31
CERTIFICATES - REGULAR	18,199,799.96
CERTIFICATES - IRA	4,035,445.77
CERTIFICATES - TOTAL	22,235,245.73
TOTAL SHARES	**83,573,448.71**
REGULAR RESERVE	1,901,148.19
RESERVE FOR CONTING.	0.00
UNDIVIDED EARNINGS	11,068,235.07
NET INCOME	33,791.74
TOTAL CAPITAL	**96,576,623.71**
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TOTAL CAPITAL & LIABILITIES	**97,431,490.96**

Jefferson County Federal Credit Union
BUDGET REVIEW
March 31, 2010

	ACTUAL CURRENT	BUDGETED CURRENT	ACTUAL Y-T-D	BUDGETED Y-T-D	DIFFERENCE Y-T-D	PERCENT INCOME
I N C O M E						
INTEREST ON LOANS	247,380.95	232,998.00	695,514.37	696,097.00	(582.63)	65.48%
INVESTMENTS	37,880.92	55,672.00	125,972.18	165,503.00	(39,530.82)	10.03%
INTEREST ON CLF CU SIP	0.00	0.00	27,502.01	0.00	27,502.01	0.00%
INSURANCE REIMB.	10,688.75	7,500.00	26,468.92	22,500.00	3,968.92	2.83%
MO & CHK FEE	492.50	425.00	1,279.25	1,275.00	4.25	0.13%
OVERDRAFT FEE	52,302.89	60,000.00	165,738.62	180,000.00	(14,261.38)	13.84%
WIRE TRANS. & CMO	286.00	250.00	678.00	750.00	(72.00)	0.08%
LOAN LATE FEE	4,911.84	4,800.00	16,195.76	14,400.00	1,795.76	1.30%
ATM SURCHARGE FEES	615.00	375.00	1,482.00	1,125.00	357.00	0.16%
SHARE DRAFT & ATM	1,508.21	1,900.00	4,651.56	5,700.00	(1,048.44)	0.40%
MISCELLANEOUS INC.	1,430.41	1,350.00	3,358.52	4,050.00	(691.48)	0.38%
LOCK BOX FEE	180.00	200.00	480.00	600.00	(120.00)	0.05%
ATM TRANSACTION FEE	748.00	575.00	1,462.00	1,725.00	(263.00)	0.20%
LOAN APPLICATION FEE	400.00	250.00	750.00	750.00	0.00	0.11%
MEMBERSHIP FEE	785.00	475.00	1,630.00	1,425.00	205.00	0.21%
C-CARD INCOME	980.97	250.00	2,555.56	750.00	1,805.56	0.26%
D-CARD INTERCHANGE	17,196.61	14,500.00	44,197.29	43,500.00	697.29	4.55%
TOTAL INCOME	**377,788.05**	**381,520.00**	**1,119,916.04**	**1,140,150.00**	**(20,233.96)**	100.00%
E X P E N S E S						
SALARIES - REGULAR	79,426.94	80,461.00	233,139.24	241,382.00	(8,242.76)	21.02%
SALARIES - OVERTIME	92.50	346.00	175.20	1,039.00	(863.80)	0.02%
CONTRACT EMPLOY.	0.00	300.00	0.00	900.00	(900.00)	0.00%
401K COSTS	3,448.06	3,475.00	10,048.61	10,425.00	(376.39)	0.91%
SOCIAL SECURITY TAX	5,944.89	6,182.00	17,433.59	18,546.00	(1,112.41)	1.57%
UNEMPLOYMENT TAX	1,101.46	480.00	4,091.02	1,440.00	2,651.02	0.29%
STAFF INSURANCE	13,631.90	13,700.00	40,890.39	41,100.00	(209.61)	3.61%
LOCAL TRAVEL	427.94	600.00	1,461.19	1,800.00	(338.81)	0.11%
VEHICLE MAINTENANCE	91.07	400.00	613.03	1,200.00	(586.97)	0.02%
OUT OF TOWN TRAVEL	0.00	725.00	0.00	2,175.00	(2,175.00)	0.00%
BOARD MEETING EXP.	440.29	1,065.00	2,262.63	3,195.00	(932.37)	0.12%
ASSOC, DUES & SUBSCR	1,954.04	2,226.00	6,437.17	6,678.00	(240.83)	0.52%
OFFICE OCCUP. EXP.	12,543.38	15,733.00	44,583.44	49,866.00	(5,282.56)	3.32%
BLDG. - LAND IMPROV.	215.21	416.00	645.63	1,248.00	(602.37)	0.06%
TELEPHONE EXPENSE	1,719.60	1,804.00	5,182.32	5,412.00	(229.68)	0.46%
POSTAGE	5,282.64	5,275.00	15,706.15	15,825.00	(118.85)	1.40%
MAINT. OF EQUIP.	1,725.68	1,109.00	4,179.77	3,339.00	840.77	0.46%
STATIONARY & SUPP.	1,730.87	2,100.00	4,571.93	6,300.00	(1,728.07)	0.46%
INSURANCE	2,347.25	2,924.00	7,994.98	8,772.00	(777.02)	0.62%
DEPRECIATION - FURN.	2,684.53	2,727.00	9,007.66	9,181.00	(173.34)	0.71%
BANK SERVICE CHARGE	19,629.15	25,282.00	62,968.86	75,846.00	(12,877.14)	5.20%
COMPUTER EXPENSE	20,984.66	17,432.00	54,675.92	52,296.00	2,379.92	5.55%
EDUCATIONAL & PROM	6,434.00	6,397.00	18,879.00	19,191.00	(312.00)	1.70%
LOAN SERVICING EXP.	5,111.94	8,170.00	16,268.38	24,510.00	(8,241.62)	1.35%
PROF. & OUTSIDE EXP.	10,567.22	9,570.00	27,622.93	28,760.00	(1,137.07)	2.80%
FEDERAL SUPERVISION	1,881.59	1,740.00	5,361.59	5,220.00	141.59	0.50%
NCUSIF INS. PREM.	26,759.00	26,759.00	80,277.00	80,277.00	0.00	7.08%
CASH OVER & SHORT	(16.30)	100.00	133.22	300.00	(166.78)	0.00%
COST-BORROWED FUND	0.00	0.00	20,309.82	0.00	20,309.82	0.00%
ANNUAL MEETING EXP.	1,084.54	700.00	2,484.54	2,100.00	384.54	0.29%
MISCELLANEOUS EXP.	1,232.39	3,875.00	2,315.35	11,625.00	(9,309.65)	0.33%
TOTAL OPER. EXP.	**228,476.44**	**242,073.00**	**699,720.56**	**729,948.00**	**(30,227.44)**	60.48%
ALLOWANCE - LOAN LOSS	20,000.00	30,000.00	60,000.00	70,000.00	(10,000.00)	5.29%
ALLOWANCE - OVERDRAFT LOSS	(1,182.00)	75.00	(1,032.00)	225.00	(1,257.00)	-0.31%
DIVIDENDS	93,430.97	82,451.00	276,021.55	246,383.00	29,638.55	24.73%
(GAIN)LOSS ON INVESTMENTS	0.00	0.00	0.00	0.00	0.00	0.00%
(GAIN)LOSS ON INVESTMENTS- KY CORP	51,414.19	0.00	51,414.19	0.00	51,414.19	13.61%
OTHER NON OPERATING EXPENSE (INC)	0.00	0.00	0.00	0.00	0.00	0.00%
TOTAL EXPENSES	**392,139.60**	**354,599.00**	**1,086,124.30**	**1,046,556.00**	**39,568.30**	103.80%
NET INCOME (LOSS)	**(14,351.55)**	**26,921.00**	**33,791.74**	**93,594.00**	**(59,802.26)**	**-3.80%**

PRESIDENT'S REPORT April 28, 2010

STATISTICAL REPORTS

Key Ratios, Operating Statistics, Delinquency, Loan Losses, Loan Officer Report, Suspicious Activity, and Long Term Assets, Monthly Comparison are attached for your review monthly. Delinquency Analysis, ALLL Analysis, and Doubtful Loans are available quarterly. GAP, Cash Flow, Rate Shocks, other ALM reports are available semi annually.

FINANCIAL SUMMARY FOR THE MONTH

There was an increase in deposits from the previous month of $967,000 ($495,000 in Shares & $192,000 in CDs BRAMCO) leaving an increase of $2,206,000 year to date. Loan volume for the month showed an increase of $1,244,000 $545,824 BRAMCO) and net loans showed an increase of $941,000 leaving an increase of $881,000 year to date. We will continue to closely monitor the competition and the overall operation for additional adjustments to dividend and income to benefit the members. Our bottom line was actually $37,000 or $10,000 above budget before the KCFCU write off of $51,414. After that our bottom line was ($14,351). Our actual ROA was .14%. Without the KCFCU loss it would have been .35% or right in line with budget. Also bear in mind we are accruing $26,759 out of our bottom line monthly ($80,277 YTD) for the NCUSIF premium payable in September of 2010.

LOAN LOSSES FOR YOUR REVIEW – (SEE ATTACHED REPORT FOR DETAIL)

As of 04-15-10	4	14,052.20
As of 05-15-10		
As of 06-15-10		
TOTAL	**4**	**14,052.20**

LENDING ACTIVITY

RE LOANS - March 2010

DATE	NAME	ACCOUNT #	APPRAISAL	NEW MONEY	LOAN AMOUNT	EQUITY	TERM IN MONTHS	CREDIT LIMIT	APPROVED BY
3/11/10	**Thomas**	**650010**	160,000	1,669	116,542	128,000	180	0	CEO
3/12/10	**Schnur**	**891510**	172,000	137,500	137,500	137,600	180	0	CEO
3/16/10	**Reesor**	**911890**	135,000	30,424	95,844	108,000	180	0	CEO
TOTAL/AVG		**3**	**467,000**	**169,593**	**349,886**	**373,600**	**180**	**0**	

A '0' in the equity column indicates > 80% LTV

COMMENTS: NONE

INVESTMENT ACTIVITY

CD Purchases - March 2010

DATE	AMOUNT	TERM	RATE	INSTITUTION	CITY	ST	CODE
03/01/10	100,000	24	1.15%	FREDERICA CREDIT UNION	BRUNSWICK	GA	2
03/02/10	99,000	18	0.66%	LIBERTY BANK OF ARKANSAS	JONESBORO	AR	1
	100,000	12	0.38%	KCFCU			
03/03/10	200,000	12	0.50%	MEMBERS FIRST CREDIT UNION	MADISON	WI	2
	99,000	12	0.85%	MORRIS BANK	DUBLIN	GA	2
	149,000	18	0.65%	FAIR HAVEN BANK & TRUST	FAIR HAVEN	NJ	1
03/04/10	248,000	18	0.70%	MERIDIAN BANK	DEVON	PA	3
03/05/10	100,000	12	0.65%	HERITAGE BANK	ERLANGER	KY	2
	49,000	12	0.65%	STATE BANK OF INDIA CALIFORNIA	LOS ANGELES	CA	3
03/09/10	99,000	12	0.50%	COVENANT BANK	CLARKSDALE	MS	2
	10,000	12	0.50%	GOLDEN CIRCLE CREDIT UNION	MASILLOON	OH	2
	99,000	24	1.25%	COMMUNITY TRUST & Bank	OOLTEWAH	TN	2

03/10/10	100,000	12	0.38%	KCFCU			
	248,000	18	0.75%	FIRST FOUNDATION BANK	IRVINE	CA	3
03/11/10	248,000	12	0.50%	HARFORD FEDERAL CREDIT UNION	HARFORD	CT	2
03/15/10	100,000	12	0.50%	PEOPLES BANK	MAIRETTTA	OH	2
	100,000	12	0.50%	PEOPLES BANK	MAIRETTTA	OH	2
	99,000	12	0.50%	OCEANIC BANK	SAN FRANCISCO	CA	2
	99,000	12	0.50%	OCEANIC BANK	SAN FRANCISCO	CA	2
03/18/10	248,000	12	0.50%	M & T BANK	OAKFIELD	NY	3
03/22/10	248,000	9	0.35%	BOX ELDER COUNTY	BRIGHAM CITY	UT	2
	100,000	12	0.50%	COMMUNITY FIRST BANK	CLARKSVILLE	TN	2
	100,000	12	0.50%	COMMUNITY FIRST BANK	CLARKSVILLE	TN	2
03/25/10	99,000	18	0.62%	CAROLINA BANK	GREENSBORO	NC	2
	100,000	18	0.60%	FIRST FEDERAL SAVINGS	CHARLESTON	SC	3
	248,000	12	0.50%	STATE BANK OF THE LAKES	ANTIOCH	IL	2
03/26/10	248,000	12	0.60%	AMERICAN BANK OF MINNESOTA	BAXTER	MN	2
03/30/10	200,000	5	0.16%	KCFCU			
	200,000	6	0.21%	KCFCU			
	200,000	7	0.24%	KCFCU			
	200,000	8	0.27%	KCFCU			
	200,000	9	0.30%	KCFCU			
	200,000	10	0.36%	KCFCU			
	200,000	11	0.43%	KCFCU			
	200,000	12	0.42%	KCFCU			
03/31/10	600,000	6	0.21%	KCFCU			
	600,000	7	0.24%	KCFCU			
	500,000	8	0.27%	KCFCU			
	500,000	9	0.30%	KCFCU			
	300,000	10	0.36%	KCFCU			
	300,000	11	0.43%	KCFCU			
	300,000	12	0.42%	KCFCU			
TOTAL	**8,437,000**	**12**	**0.50%**	**42**			

INVESTMENT ACTIVITY – FAILED BANKS

	AMOUNT	BANK	DATE	DISPOSISTION
1.	None			

REAL ESTATE PROBLEM LOANS

Acct. #	Name	Address	Zip	Balance	Appraisal	Year	Pamt.	Due
1. 852730	**Townsend, K.**	**1218 W. Woodlawn.**	**40215**	**$24,142**	**$84,500**	**05-06**	**$244**	**$3,660**

01-14-09 **(See prior reports).** 01-27-10 - Meeting went as well as expected. Trustee will pay on the post petition past due amount $488.10 for Dec & Jan. Arrearage still will be paid in plan & Member will start paying again for the Feb payment & has until 15th & and if the member does not make payment then the Attorney will file another motion & we will get stay relief. Then will be able to start foreclosure again. 03-19-09 – She made a payment 01-05-10 and 03-11-10. She was to pay 03-16-10 and did so 03-19-10. She will be due again 04-05-10. We should begin getting payments on the arrearage in May from the court. Member paid 04-15 which was the fourth consecutive monthly payment.

CHECK REGISTER & ACH DEDUCTIONS

Attached for your review.

COMMENT CARDS

Two cards and one answer attached. I felt the second card did not warrant a response.

RECONCILIATIONS
All accounts are current and correct**.**

SAFE LANDING AND OVERDRAFT LOAN CHARGE OFF FOR – March 2010
NONE

SUSPICIOUS ACTIVITY REPORTS (SARS) – March 2010
3 for $48,413

NCUA EXAMINTION FINDINGS AND OUR RESPONSE LETTER
No response from them yet.

NCUA MEMBER RESPONSE LETTER – ID RECOVERY
I spoke with a representative regarding our former member Mr. Whitesides. He complained about the $7.80 refund that we would not approve. After a lengthy discussion she determined they were closing their file and no other action will be required.

FOR YOUR INFORMATION

- ✓ **LifeLock to pay $12M in false-claims settlement -** WASHINGTON (3/25/10)--LifeLock Inc. has agreed to pay $11 million to the Federal Trade Commission (FTC) and $1 million to a group of 35 state attorneys general to settle charges that the company used false claims to promote its identity theft protection services. It is one of the largest FTC-state coordinated settlements on record, said FTC. LifeLock and its principals will be barred from making deceptive claims and required to take more stringent measures to safeguard the personal data they collect from customers, FTC said. The company and its co-founders, Richard Todd Davis and Robert J. Maynard Jr., are barred from misrepresenting the "means, methods, procedures, effects, effectiveness, coverage, or scope of any identity theft protection service." The settlements also bar misrepresentations about the risk of identity theft and the manner and extent to which LifeLock protects consumers' personal information. The settlements also require LifeLock to establish a comprehensive data security program and obtain biennial independent third-party assessments of that program for 20 years. Since 2006, LifeLock's ads claimed it could prevent identity theft for consumers willing to sign up for its $10-a-month service, said the FTC. The agency noted that LifeLock's fraud alerts on customers' credit files protected against only certain forms of identity theft and gave no protection against the misuse of existing accounts; that they did not protect against medical identity theft or employment identity theft; and that they could not provide absolute protection against new account fraud, where fraud alerts are most common. Other claims made--that LifeLock could prevent unauthorized changes to customers' address information, that it constantly monitored activity on customer credit reports, and that it would ensure the customer always received a telephone call from a potential creditor before opening a new account--were also false, said FTC. The FTC said it will use the $11 million it receives from the settlements to provide refunds to consumers. It will send letters to current and former LifeLock customers who may be eligible for the refunds, and instructions for applying.

- ✓ **Personal bankruptcies spike in March -** (4/5/10)--Federal courts reported more than 158,000 personal bankruptcies during March--more than any other month since the Bankruptcy Reform Act was tightened in October 2005. Key factors in the spike include a stagnant economy, high unemployment and the housing crisis, according to a report released Friday from Automated Access to Court Electronic Records, a data collection company (*The New York Times* April 1). The filings for March are 19% more than the filings in March 2009. March generally has more filings because people in financial distress use their tax refunds to pay for attorneys fees to file a bankruptcy, said analysts. The company said that a bankruptcy surge typically follows an economic contraction by six to 18 months. Chapter 7 filings, which are simpler and less expensive, are increasing faster than Chapter 13 filings, which involve reorganization of assets and repaying part of the debt in order to keep one's home. This suggests fewer people are trying to save their homes, said analysts. The U.S. Trustees Program statistics indicate that Chapter 7 filings as a percentage of all bankruptcies increased to about 73% last year, compared with 62% in 2006-2007. The U. S. Trustees Program is a Justice Department program that oversees bankruptcy cases. Seventy-five percent of the March filings were Chapter 7s. The high unemployment rate is contributing to the boost of Chapter 7s over Chapter

13 filings because unemployed people don't have income to pay into a Chapter 13 plan, said analysts. In other developments, commercial bankruptcies for 2009 totaled 117,659 up from 77,638 in 2008, reported Equifax Inc. "The numbers reflect a very strong and consistent increase from the all-time low of 32,293 filings in 2006," said Equifax in a press release. However, viewing the data on a quarterly or month-over-month basis indicates that while the total numbers remain very high, the rate of the increase is slowing. For example, fourth quarter 2009 filings totaling 28,352 were not that much ahead of fourth quarter 2008 filings totaling 25,140. And the 9,001 filings in December were up slightly from 8,732 filings in December 2008.

- ✓ **CUNA: *Barron's* story on corporate costs off the mark -** WASHINGTON (4/20/10)--Current corporate credit union loss estimates of $9 billion to $11 billion cited in a *Barron's* column are actually somewhat lower than earlier forecasts, notes Credit Union National Association (CUNA) Chief Economist Bill Hampel following the column's appearance this week. The *Barron's* column recounts corporate investments in high-yielding, mortgage-backed securities as part of a strategy to offer lower-cost services and higher yields to member credit unions. "This wasn't greed exactly; credit unions offer no stock options. They needed higher rates to subsidize their services and attract more customers," writes columnist Jim McTague. The column includes loss estimates from CUNA's Hampel of $9 billion to $11 billion on the portfolios from U.S. Central CU and WesCorp FCU, which were placed into conservatorship last year. Hampel said credit unions should bear in mind that the $9 billion to $11 billion figure in the *Barron's* column includes both $5 billion in losses already absorbed by the capital of the corporates, plus current estimates of $4 billion to $6 billion to be covered by the National Credit Union Share Insurance Fund, which credit unions are paying for through premium costs expensed over the next six to seven years. "The *Barron's* column should not be read to suggest that the costs to the share insurance fund on the corporate portfolios is rising from an original $6 billion to something between $9 and $11 billion," Hampel explains. "Rather, the loss estimate to the share insurance fund has actually fallen slightly from $6 billion to something between $4 billion and $6 billion." Hampel adds that these are estimates on a portfolio whose actual losses may not be known for several years or more.

- ✓ **SEC v. Goldman Sachs could brush against CUs -** WASHINGTON (4/20/10)--The U.S. Securities and Exchange Commission (SEC) late last week charged Goldman, Sachs & Co. and its vice president, Fabrice Tourre, with "defrauding investors by misstating and omitting key facts about a financial product tied to subprime mortgages as the U.S. housing market was beginning to falter." In its complaint, the SEC "alleges that Goldman Sachs structured and marketed a synthetic collateralized debt obligation (CDO) that hinged on the performance of subprime residential mortgage-backed securities (RMBS)" and "failed to disclose to investors vital information about the CDO, in particular the role that a major hedge fund played in the portfolio selection process and the fact that the hedge fund had taken a short position against the CDO." Specifically the SEC has claimed that hedge fund Paulson & Co. "paid Goldman Sachs to structure a transaction in which Paulson & Co. could take short positions against mortgage securities chosen by Paulson & Co. based on a belief that the securities would experience credit events." Essentially, the SEC is alleging that the financial product produced by Goldman Sachs was designed to fail so that Paulson & Co would benefit by betting against it. According to the SEC, Goldman Sachs told its investors that ACA Management was in charge of the portfolio, while, in fact, Paulson & Co., a hedge fund, was selecting the individual bonds that it was betting against. The end product, which was known as ABACUS, netted Goldman Sachs $15 million in fees from Paulson & Co., while individual investors in ABACUS "are alleged to have lost more than $1 billion," according to SEC estimates. In a statement, Goldman Sachs said that the SEC charges "are completely unfounded in law and fact" and that the firm will "vigorously contest them and defend the firm and its reputation." Late last week said that the SEC would look at "deals with similar profiles or any deals where disclosures were not properly made." It is unclear whether this litigation will have any bearing on the undervalued assets of corporate credit unions, and the Credit Union National Association will be watching the developments closely for implications that could be used to support an increased valuation of the corporates' undervalued assets.

- ✓ **Bankrate: CUs have better deals on credit cards -** NEW YORK (4/23/10)--Credit unions charge lower fees on credit cards than banks, according to Bankrate.com. Bankrate conducted a survey of 73 cards issued by 28 banks and 19 credit unions. The survey found that none of the credit union credit cards charged an inactivity fee, while three banks charged inactivity fees. Fifth Third Bank charges a $19 fee if no transactions were made in the previous year, while First National Bank of Omaha could charge a $29 to $75 fee after six months of inactivity (April 19). The study also found that 20 credit union cards charge a flat late fee, regardless of balance or degree of lateness--ranging from $5 to $30. Only one credit union charged a fee based on balance, compared to the 25 bank cards that had a tiered fee structure. San Diego County CU issues a $10 late fee, but not until the payment is 10 or more days past due. Bankrate noted that 25 of the 33 credit union cards it surveyed don't charge balance transfer fees, and 20 credit union cards don't charge a cash-advance fee. However, of the bank cards Bankrate surveyed, bank-advance fees ranged up to 5% of the cash advance amount.

- ✓ **New $100 bill, with security features, unveiled -** WASHINGTON (4/22/10)--Federal authorities on Wednesday joined to unveil the new hundred dollar bill, a bill that will combine the usual portrait of Ben Franklin, and some previously added security enhancements, with a pair of brand new, advanced counterfeit-deterrent security features. The bill was introduced by members of the Federal Reserve, the U.S. Treasury, and the U.S. Secret Service, and features a blue three-dimensional security ribbon and an interpretation of the classic liberty bell image which, when tilted, changes colors from copper to green, making the bell appear to disappear and reappear in an inkwell. U.S. Treasurer Rosie Rios said these new security features "come after more than a decade of research and development to protect our currency from counterfeiting." "To ensure a seamless introduction of the new $100 note into the financial system, we will continue global public education of retailers, financial institutions and industry organizations to ensure that consumers and merchants are aware of the new security features," she added. A watermark portrait of Ben Franklin, a security thread, and a large, color-shifting "100" have been carried over from the previous design, and the new $100 bill will also includes phrases from the Declaration of Independence and a newly designed, larger image of Independence Hall. The $100 bill "is the most widely circulated and most often counterfeited denomination outside the U.S.," according to the release. Fed Chairman Ben Bernanke said that the 6.5 billion $100s that are currently in circulation "will remain legal tender," adding that "U.S. currency users should know they will not have to trade in their old design notes when the new notes begin circulating." Exactly when the new notes will be circulated has not yet been determined.

BUSINESS DEVELOPMENT & MARKETING
GE will report.

Respectfully Submitted,

Carl F. Hicks
President and CEO

Monthly Statistics - Year To Date Statistics - Key Ratios - 2010

Category	%	Y/E 2009	JAN	FEB	MAR	APR	MAY	JUNE	JUL	AUG	SEP	OCT	NOV	DEC	YTD
Assets		95,143,505	94,668,325	96,581,509	97,431,491										2,287,986
Deposits		81,367,271	80,741,585	82,606,057	83,573,449										2,206,178
Investment Balance		50,092,146	50,191,189	52,103,822	51,942,893										1,850,747
Cash Balance		1,135,441	550,341	779,657	930,984										(204,457)
Loan Balance		39,263,225	39,265,235	39,203,525	40,144,587										881,362
Loans Made		16,371,385	1,123,203	767,692	2,012,325										3,903,220
Members		13,487	13,473	13,497	13,729										242
Accounts		22,515	22,436	22,429	22,727										212
DEL - 2-5 Months		20,251	56,996	93,119	59,638										39,387
DEL - 6-11 Months		22,927	22,394	15,307	14,833										(8,094)
DEL - 12 Months & >		24,413	24,238	31,673	32,010										7,597
Delinquent Amount		67,591	103,628	140,099	106,481										38,890
Delinquent Percent	< 1.30%	0.17%	0.26%	0.36%	0.27%										0.09%
Info-Teller		171,642	13,015	13,036	13,574										39,625
Website Inquiries		430,156	33,349	35,466	36,255										105,070
Bill Payer		1,263	1,272	1,284	1,300										37
E-Statements		1,598	1,619	1,641	1,670										72
Home Branch Access		2,623	2,695	2,682	2,806										2,806
Overdrawn Accounts		24,699	24,437	14,994	29,863										5,164
Share Bal. $5,000 & <		9,165,807	9,055,847	9,874,237	9,477,915										
INC - Loans YTD		2,789,863	236,724	448,133	695,515										
INC - Investments YTD		1,015,590	46,661	88,091	125,972										
INC - Other YTD		1,322,312	119,472	205,904	298,429										
INC - Total YTD		5,127,765	402,857	742,128	1,119,916										
EXP - ALLL YTD		275,211	20,000	40,000	60,000										
EXP - ALLL - OD YTD		(1,068)	75	150	(1,032)										
EXP - Dividend YTD		1,501,407	96,525	182,591	276,021										
EXP - Operating YTD		3,291,174	243,102	471,244	699,721										
EXP -(G)/L on Invest. YTD		(4,367)	0	0	0										
Other Non Operating (Inc)		(45,813)	0	0	51,414										-
EXP - Total YTD - $		5,016,544	359,702	693,985	1,086,124										
INC- NET- YTD		111,221	43,155	48,143	33,792										
Operating Exp. YTD - %	< 5.00%	2.82%	3.07%	2.96%	2.91%										
Net Interest Margin / AA	> 3.00%	1.97%	2.36%	2.22%	2.27%										
Return on Average Assets	0.70%	0.10%	0.55%	0.30%	0.14%										
Net Worth - $		12,969,383	13,012,538	13,017,527	13,003,175										
Total Resv. / Curr. Assets	> 9.00%	10.79%	13.75%	13.48%	13.35%										
Average Assets - $		93,925,569	94,905,915	95,624,917	96,227,108										
Net Charge Off - $		226,262	0	0	42,064										42,064
Net Charge Off / AA - %	< .45%	0.20%	0.00%	0.00%	0.04%										0.04%
Long Term Assets - $		22,097,505	21,661,861	21,856,752	22,376,763										
Net Long Term Asset /A - %	< 35.00%	18.39%	22.88%	22.63%	22.97%										
Total Loans / Assets - %	< 90.00%	32.68%	41.48%	40.59%	41.20%										
Share Growth - %	7.00%	9.63%	-0.77%	1.52%	2.71%										
Loan Growth - %	4.00%	4.62%	0.01%	-0.15%	2.24%										
CD Deposits - $		22,474,877	22,157,168	21,885,297	22,235,246										
Share Deposits - $		58,892,394	58,584,417	60,720,760	61,338,203										
Loan To Total Share - %		66.67%	67.02%	64.56%	65.45%										
Loan To Total Deposit - %		48.25%	48.63%	47.46%	48.04%										
Fixed Assets - $		1,546,175	1,537,523	1,528,410	1,520,064										
Fixed Assets - %	< 5.00%	1.29%	1.62%	1.58%	1.56%										
CU-SIP ADJUSTMENTS		Assets, Avg. Assets, Investments	Assets, Investments		KCFCU W/O $51,414.19										

March | STATISTICAL REPORT | 2010

CATEGORY	Year End 2009	Prior Month	Current Month	Difference	Year-To-Date
Deposits	81,367,271	82,606,057	83,573,449	967,392	2,206,178
Regular CDs	18,487,598	17,931,893	18,199,800	267,907	(287,798)
IRA Cds	3,987,279	3,953,404	4,035,446	82,042	48,167
Total CDs	22,474,877	21,885,297	22,235,246	349,949	(239,631)
Loan Balance	39,263,225	39,203,525	40,144,587	941,062	881,362
Loans Made	16,371,386	767,692	2,012,325	1,244,633	3,903,220
Members	13,487	13,497	13,729	232	242
Accounts	22,515	22,429	22,727	298	212
Delinquent Percent	0.17%	0.36%	0.27%	-0.09%	0.10%
E-Statements	1,598	1,641	1,670	29	72
Bill Payer	1,263	1,284	1,300	16	37
Info-Teller Inquiries	171,642	13,036	13,574	538	39,625
Website Inquiries	430,156	35,466	36,255	789	105,070
HB -Members Used	2,623	2,682	2,806	124	183
Overdrawn Accounts	24,699	14,994	29,863	14,869	5,164
CIA - #	874	867	869	2	(5)
CIA - $	29,428,060	29,426,302	29,823,833	397,531	395,773
CCIA - #	39	39	40	1	1
CCIA - $	1,971,535	2,217,319	2,316,768	99,449	345,233
Rewards - #	170	165	165	0	(5)
Rewards - $	2,092,074	1,973,485	1,920,867	(52,618)	(171,207)
Rewards - Surcharge Ref.	1,921	163	175	12	486
Rewards - Cost	55,681	2,408	2,558	150	7,673
Regular Checking - #	4,536	4,483	4,486	3	(50)
Regular Checking - $	5,197,317	5,842,101	5,122,952	(719,149)	(74,365)
TOTAL CHECKING - #	5,619	5,554	5,560	6	(59)
TOTAL CHECKING - $	38,688,986	39,459,207	39,184,420	(274,787)	495,434
Trans - MO	55,723	4,155	5,066	911	14,004
Trans - HV	39,596	2,792	3,551	759	9,261
Trans - DT	28,954	2,192	2,627	435	6,803
Trans - UR	26,447	1,846	2,126	280	5,747
Trans - IN	40,434	3,045	3,800	755	9,894
Trans - INFO	11,939	719	945	226	2,533
Trans - HB	86,002	7,169	8,228	1,059	22,384
Trans - SB	46,958	3,478	4,183	705	11,141
Trans - Total YTD	336,053	25,396	30,526	5,130	81,767

DELINQUENCY	Number	Balance	BRAMCO		
2 - 5 Months	7	59,638	Shares	247 - 171	495,286.12
6 -11 Months	3	14,833	Loans	82 - 80	545,824.11
12 Months & Over	3	32,010	CDs	22 - 12	192,548.13
Total	**13**	**106,481**	"Included Above"		

ALM - REAL ESTATE LOAN BREAKDOWN — March 2010

	Year	Count	Balance	Monthly Installments	Amount to Reprice In 3 Years
CU Channels		2	62,741.24		62,741.24
Variable Rate		21	459,948.30		459,948.30
Maturities of 3 Years & Less	2010-2013	45	552,954.49		552,954.49
Maturities of 4 Years	2014	29	664,337.27		664,337.27
Maturities of 5 Years	2015	20	568,565.14		568,565.14
Maturities of 6 Years	2016	23	971,750.02		971,750.02
Maturities of 7 Years	2017	20	669,328.01		669,328.01
Maturities of 8 Years	2018	44	1,907,415.78	25,792.27	464,260.86
Maturities of 9 Years	2019	26	1,003,415.24	12,400.65	223,211.70
Maturities of 10 Years	2020	28	1,492,689.83	17,331.39	311,965.02
Maturities of 11Years	2021	43	1,916,351.30	20,204.55	363,681.90
Maturities of 12Years	2022	49	2,977,034.70	29,368.36	528,630.48
Maturities of 13Years	2023	65	5,096,176.70	46,984.15	845,714.70
Maturities of 14Years	2024	73	5,526,520.63	48,127.43	866,293.74
Maturities of 15Years	2025	26	2,078,445.74	17,103.79	307,868.22
Maturities of 16-19 Years	2026				0.00
Maturities of > Than 20 Years					0.00
		514	**25,947,674.39**		**7,861,251.09**

Net Long Term Loans	**18,086,423.30**
Fixed Assets	**1,520,064.07**
NCUSIF Deposit	**804,111.88**
LLC	**500.00**
Deferred Compensation	**1,800,000.00**
CUSO Investments	**165,664.00**
Total Long Term Assets	**22,376,763.25**

LOAN OFFICERS REPORT 2010
JEFFERSON COUNTY FEDERAL CREDIT UNION

March , 2010

Loans Approved	***189***	***$1,315,669.21***
Credit Limits Approved **** includes updates & increases***	***6***	***$14,500.00***
Loans Disbursed	***196***	***$1,459,592.30***
Indirect Lending	***9***	***$157,047.94***
Equity Checks	***4***	***$6,903.20***
Tecumseh Mortgages	***0***	***$0.00***
Universal Approved Loans **(100% Real Estate Loans)**	***2***	***$39,055.00***
Requests Denied	***38***	***$469,573.34***

J. Kevin Lush — ***April 12, 2010***

Preparer — ***Date***

RECOMMENDED LOAN CHARGE OFF
SECOND QUARTER 2010

ACCOUNT NUMBER	MEMBER NAME	CURRENT BALANCE	LOAN SFX	LOAN TYPE	MDR	AUDR	DATE PAID	DATE DUE	MEMBER GROUP	LOAN OFFICER	Comments	REASON
733250	Olena Jones	$7,641.73	1	Auto	46%	47%	01/29/10	01/05/10	Miscellaneous	KL	Def Bal-Unsecured	CH-7 Bankruptcy
742050	Tammy Parker	$78.85	2	Note	36%	40%	01/27/10	02/05/10	Carlson Wagonlit	TW	Mailed To ABL	Refused to Pay
832950	Michael York	$4,635.67	5	Open End	24%	25%	01/19/10	02/05/10	Project Heat & Cooling	KL	Mailed To ABL	Refused to Pay
866940	Kenneth Luckett	$1,695.95	1	Auto	33%	37%	03/08/10	03/05/10	Place Or Residence	TW	Def Bal-Mailed To ABL	Refused to Pay
TOTALS	**For April**	**$14,052.20**		**4**								
TOTAL	**For May**	**$0.00**		**0**								
TOTAL	**For June**	**$0.00**		**0**								

TOTAL ACCOUNTS 4

TOTAL FOR QUARTER $14,052.20

SAR

March

2010

Suspicious Activity Report

DATE FILED	DATE(S) OF ACTIVITY			REASON FILED	DOLLAR AMOUNT
03/03/10	02/10/10	THRU	02/24/10	Suspicious Behavior	$ 18,017.00
03/05/10	10/08/09	THRU	03/03/10	Unusual Activity	$ 6,396.00
03/17/10	12/29/10	THRU	03/02/10	Unusual Activity/Possible Tax Fraud	$ 24,000.00

Total Activities =		**3**
Total Dollar Amount =	**$**	**48,413.00**

By:
Date:

Check	Amount	Date	Payable To:	Reason
9723	31.00	3/1/2010	JEFFERSON COUNTY CLERK	REPO EXPENSE
9724	1,170.29	3/1/2010	AMERICAN HERITAGE	INSURANCE
9725	243.60	3/1/2010	ALLIED SOLUTIONS LLC	GAP INSURANCE
9726	2,104.65	3/1/2010	PHOENIX UNDERWRITING MANAGERS LLC	INSURANCE
9727	5,535.99	3/1/2010	MINNESOTA MUTUAL	INSURANCE
9728	2,212.69	3/2/2010	ALLIED SOLUTIONS LLC/AUTO CPI	INSURANCE
9729	232.00	3/2/2010	BOB MONTGOMERY CHEVROLET	INDIRECT LENDING
9730	72.39	3/2/2010	TROY WINDHORST	TRAVEL-LOCAL
9731	103.86	3/3/2010	PROFESSIONAL INSURANCE COMPANY	INSURANCE
9732	265.00	3/3/2010	COLLINS AUTO GROUP	LOAN SERVICING
9733	22.00	3/3/2010	HARRISON COUNTY CLERK	LIEN RECORDING
9734	44.00	3/3/2010	BULLITT COUNTY CLERK	LIEN RECORDING
9735	135.00	3/3/2010	GRACE TITLE GROUP	PROFESSIONAL/OUTSIDE
9736	32.00	3/3/2010	JEFFERSON COUNTY CLERK	MORTGAGE RECORDING
9737	663.25	3/3/2010	DIRECT RESPONS SERVICES, INC	PROFESSIONAL/OUTSIDE
9738	1,440.00	3/4/2010	KYCUPAC	FUND RAISER - CANDY BARS
9739	70.22	3/4/2010	FIRST SERVICE GROUP	INSURANCE
9740	60.69	3/5/2010	RON HUTCHINSON	DECEASED ACCOUNT
9741	72.89	3/5/2010	WASHINGTON NATIONAL LIFE INS CO	INSURANCE
9742	10.00	3/8/2010	LABA	EDUCATION
9743	120.00	3/8/2010	COOK & REEVES CARS INC	INDIRECT LENDING
9744	240.00	3/8/2010	LOUISVILLE METRO POLICE FOUNDATION	EDUCATION
9745	90.00	3/11/2010	ADVANTAGE AUTO SALES & LEASING	LOAN SERVICING
9746	133.00	3/11/2010	SAM SWOPE SUZUKI	INDIRECT LENDING
9747	2,194.34	3/12/2010	WILLIAM BOLDUC	DECEASED ACCOUNT
9748	135.00	3/12/2010	GRACE TITLE GROUP	PROFESSIONAL/OUTSIDE
9749	32.00	3/12/2010	JEFFERSON COUNTY CLERK	MORTGAGE RECORDING
9750	135.00	3/12/2010	GRACE TITLE GROUP	PROFESSIONAL/OUTSIDE
9751	46.42	3/12/2010	JOHN ROBISON	DECEASED ACCOUNT
9752	160.00	3/15/2010	GRACE TITLE GROUP	PROFESSIONAL/OUTSIDE
9753	160.00	3/15/2010	GRACE TITLE GROUP	PROFESSIONAL/OUTSIDE
9754	135.00	3/15/2010	GRACE TITLE GROUP	PROFESSIONAL/OUTSIDE
9755	32.00	3/15/2010	BRECKINRIDGE COUNTY CLERK	MORTGAGE RECORDING
9756	32.00	3/15/2010	BULLITT COUNTY CLERK	MORTGAGE RECORDING
9757	32.00	3/15/2010	JEFFERSON COUNTY CLERK	MORTGAGE RECORDING
9758	32.00	3/15/2010	JEFFERSON COUNTY CLERK	MORTGAGE RECORDING
9759	1,861.05	3/15/2010	PROEXIX UNDERWRITING MGRS LLC	INSURANCE
9760	146.39	3/16/2010	INDUSTRIAL DISPOSAL	OFFICE OCCUPANCY
9761	108.00	3/16/2010	THOMPSON BROS. PLUMBING LLC	MAINTENANCE BUILDING & LAND
9762	15.00	3/16/2010	OKOLONA PEST CONTROL	PROFESSIONAL/OUTSIDE
9763	194.42	3/16/2010	ADT SECURITY SERVICES	PROFESSIONAL/OUTSIDE
9764	55.78	3/16/2010	LOUISVILLE/JEFFERSON CO METRO GOVT	TELEPHONE
9765	343.00	3/16/2010	SCOT MAILING & SHIPPING SYSTEM	POSTAGE MACHING
9766	55.71	3/16/2010	DUPLICATOR SALES & SERVICES	PROFESSIONAL/OUTSIDE
9767	150.00	3/16/2010	LINDSAY MARIE IRRIGATION, INC	PROFESSIONAL/OUTSIDE
9768	1,052.85	3/16/2010	INSIGHT COMMUNICATIONS	CABLE SERVICES
9769	691.90	3/16/2010	BLUEGRASSNET	DSL & T1 SERVICE
9770	6,184.00	3/16/2010	ADMAN MARKETING	TV & RADIO ADVERTISEMENT
9771	692.63	3/16/2010	TRANS UNION LLC	PROFESSIONAL/OUTSIDE
9772	527.00	3/16/2010	WAYNE'S LAWN SERVICE, INC	MAINTENANCE BUILDING & LAND
9773	2,700.00	3/16/2010	MAPOTHER & MAPOTHER	PROFESSIONAL/OUTSIDE
9774	712.05	3/16/2010	GARDA CL CENTRAL	PROFESSIONAL/OUTSIDE
9775	50.00	3/16/2010	SHRED-IT	PROFESSIONAL/OUTSIDE
9776	464.12	3/16/2010	DIGITALMAILER, INC.	PROFESSIONAL/OUTSIDE
9777	785.38	3/16/2010	ZIP EXPRESS COURIER SERVICE	PROFESSIONAL/OUTSIDE
9778	2,604.99	3/16/2010	FISERV	PROFESSIONAL/OUTSIDE
9779	185.00	3/16/2010	PRINTING SERVICES II	PROFESSIONAL/OUTSIDE
9780	541.66	3/16/2010	CNBS LLC	PROFESSIONAL/OUTSIDE
9781	879.00	3/16/2010	ISC KENTUCKY	COMPUTER HARDWARE & MAIN.
9782	200.00	3/16/2010	TELEDATA COMMUNICATIONS, INC	APPLICATIONS
9783	96.00	3/16/2010	PCI SERVICES, INC	PROFESSIONAL/OUTSIDE
9784	85.00	3/16/2010	CREDIT UNION CONNECTION, LLC	PROFESSIONAL/OUTSIDE
9785	38.50	3/16/2010	ROUTEONE, LLC	PROFESSIONAL/OUTSIDE
9786	8,011.70	3/16/2010	SHARE ONE, INC	PROFESSIONAL/OUTSIDE
9787	4,177.07	3/16/2010	FORTRESS NETWORK SECURITY, LLC	PROFESSIONAL/OUTSIDE
9788	300.00	3/16/2010	J. SCOTT WISE & COMPANY	APPRAISALS
9789	1,575.00	3/16/2010	DAVID WATERMAN LLC	PROFESSIONAL/OUTSIDE
9790	3,155.52	3/17/2010	NXG STRATEGIES, LLC	PROFESSIONAL/OUTSIDE

Check #		Date	Payable To:	Reason
9791	403.25	3/17/2010	DIRECT RESPONSE ADMIN. SER.INC	INSURANCE
9792	25.00	3/18/2010	WILLIAM BOLDUC	DECEASED MEMBER
9793	250.00	3/18/2010	AUTO-BACK RECOVERY	REPO EXPENSE
9794	160.25	3/18/2010	KROGER CATERING SERVICE	BOARD MEETING
9795	135.00	3/19/2010	GRACE TITLE GROUP	PROFESSIONAL/OUTSIDE
9796	135.00	3/19/2010	GRACE TITLE GROUP	PROFESSIONAL/OUTSIDE
9797	32.00	3/19/2010	JEFFERSON COUNTY CLERK	MORTGAGE RECORDING
9798	32.00	3/19/2010	JEFFERSON COUNTY CLERK	MORTGAGE RECORDING
9799	1,747.83	3/22/2010	ALLIED SOLUTIONS LLC/AUTO CPI	CPI AUTO
9800	31.00	3/22/2010	JEFFERSON COUNTY CLERK	REPO EXPENSE
9801	269.39	3/22/2010	JERALDINE S ALLEN	DECEASED MEMBER
9802	223.00	3/22/2010	CLAPP VOLKSWAGON OLDSMOBILE	LOAN SERVICING
9803	115.00	3/22/2010	JAMIE WILCOXSON	DECEASED MEMBER
9804	95.00	3/23/2010	OXMOOR TYOTA	LOAN SERVICING
9805	135.00	3/24/2010	GRACE TITLE GROUP	PROFESSIONAL/OUTSIDE
9806	32.00	3/24/2010	JEFFERSON COUNTY CLERK	MORTGAGE RECORDING
9807	489.50	3/24/2010	CARL HICKS	EXPENSE REIMBURSMENT MAR 2010
9808	430.21	3/25/2010	GENERAL SERVICES ADMINISTRATION	INDIANA RENT
9809	14,887.39	3/25/2010	LOUISVILLE METRO GOVERNMENT	EMPLOYEE MEDICAL INSURANCE
9810	135.00	3/26/2010	GRACE TITLE GROUP	PROFESSIONAL/OUTSIDE
9811	135.00	3/26/2010	GRACE TITLE GROUP	PROFESSIONAL/OUTSIDE
9812	32.00	3/26/2010	JEFFERSON COUNTY CLERK	MORTGAGE RECORDING
9813	38.00	3/26/2010	JEFFERSON COUNTY CLERK	MORTGAGE RECORDING
9814	434.39	3/26/2010	THE ESTATE OF BEVERLY DRURY	DECEASED MEMBER
9815	228.42	3/29/2010	THE ESTATE OF JAMES E NIX	DECEASED MEMBER
9816	5,003.07	3/30/2010	FORTRESS NETWORK SECURITY, LLC	PROFESSIONAL/OUTSIDE
9817	2,378.49	3/30/2010	ACCO INC	MAINTENANCE BUILDING & LAND
9818	100.00	3/30/2010	LARRY DODSON	BOARD MEETING
9819	158.50	3/30/2010	SCOT MAILING & SHIPPING SYSTEMS	POSTAGE MACHINE
9820	209.29	3/30/2010	MCPC	ITHICA RIBBON & TAPE
9821	706.05	3/30/2010	CHEXSYSTEMS INC.	PROFESSIONAL/OUTSIDE
9822	190.00	3/30/2010	PARC	DOWNTOWN PARKING
9823	178.00	3/30/2010	PRINTING SERVICES II	PROFESSIONAL/OUTSIDE
9824	1,150.00	3/30/2010	PUBLISHER'S PRESS	PROFESSIONAL/OUTSIDE
9825	2,282.75	3/30/2010	FISERV	PROFESSIONAL/OUTSIDE
9826	552.45	3/30/2010	LINCOLN NAT. LIFE INS. CO	INSURANCE
9827	325.00	3/30/2010	LANDMARK APPRAISAL & RELATED SERV	APPRAISALS
9828	125.00	3/30/2010	DAVID WATERMAN LLC	APPRAISALS
9829	90.00	3/30/2010	CREDIT UNION CONNECTION, LLC	PROFESSIONAL/OUTSIDE
9830	741.92	3/30/2010	STAPLES CREDIT PLAN	STATIONARY & SUPPLIES
9831	19.98	3/30/2010	BALBOA INSURANCE CO	INSURANCE
9832	150.00	3/30/2010	LINDSAY MARIE IRRIGATION, INC.	MAINTENANCE BUILDING & LAND
9833	1,200.42	3/30/2010	WAYNE'S LAWN SERVICE INC	MAINTENANCE BUILDING & LAND
9834	91.16	3/30/2010	BUSINESS FIRST	SUBSCRIPTION
9835	135.00	3/31/2010	GRACE TITLE GROUP	PROFESSIONAL/OUTSIDE
9836	32.00	3/31/2010	JEFFERSON COUNTY CLERK	MORTGAGE RECORDING
9837	788.85	3/31/2010	ZIP EXPRESS COURIER SERVICE	PROFESSIONAL/OUTSIDE
9838	169.00	3/31/2010	CUNA & AFFILIATES	MEMBERSHIP DUES/SUBSCRIPTIONS
9839	0.44	3/31/2010	LINDSAY STINSON	PETTY CASH
9840	234.42	3/31/2010	DON FRITTS	LOCAL TRAVEL MARCH 2010
9841	28.50	3/31/2010	CATHY PENNELL	LOCAL TRAVEL MARCH 2010
9842	24.00	3/31/2010	STACEY RIVERA	LOCAL TRAVEL MARCH 2010
9843	465.00	3/31/2010	COOK & REEVES CARS INC	INDIRECT LENDING
9844	135.00	3/31/2010	GRACE TITLE GROUP	PROFESSIONAL/OUTSIDE
9845	32.00	3/31/2010	JEFFERSON COUNTY CLERK	MORTGAGE RECORDING
9846	17.50	3/31/2010	JAYNE EBERSOLE	LOCAL TRAVEL MARCH 2010
9847	280.00	3/31/2010	S WILSON'S AUTO SALES INC	LOAN SERVICING
Total	95,493.42		125	

ACH OPERATING ACCOUNT PAYOUTS		Debited By:	Reason
	1,258.90	AT&T	Phones - MO & HV
	1,030.78	Credit Card	MasterCard
	266.31	Louisville Water Company - MO	Office Occupancy
	3,627.60	Postage	Postage
	140.95	AT&T	Internet - Indiana
	1,619.38	LG&E	Gas & Electric
Total	7,943.92		

Jefferson County Federal Credit Union

RECEIVED
MAR 2 3 2010
BY:

COMMENT CARD

Credit Union wants to serve you to the best of our ability. We welcome your input to assist us in doing so. If there is a service we don't ...r, information you need that is not available, a specific concern that you feel needs attention or you wish to pass along a compliment, please use this form to do so. Deliver or mail this to our main office to the attention of our President & CEO, Carl Hicks. All input will be evaluated and considered. Please ask a staff member for an envelope to insure your confidentiality if necessary.

My wife and I had checked on a loan with Tiffany and were told the interest rate was higher than expected due to the lower of the two credit scores. I don't understand why that is the policy when we can get the 4.9 rate at at least two other local banks. I have been a member since about 1992 and don't really want to go elsewhere.

DWIGHT MOHNEY — NAME (Please Print)
703030 — ACCOUNT #
SIGNATURE
3/23/2010 — DATE

Jefferson County Federal Credit Union

RECEIVED
APR 2 1 2010
BY:

COMMENT CARD

The Credit Union wants to serve you to the best of our ability. We welcome your input to assist us in doing so. If there is a service we don't offer, information you need that is not available, a specific concern that you feel needs attention or you wish to pass along a compliment, please use this form to do so. Deliver or mail this to our main office to the attention of our President & CEO, Carl Hicks. All input will be evaluated and considered. Please ask a staff member for an envelope to insure your confidentiality if necessary.

You should change your overdraft policy to state ~~that~~ if a deposit is made on the same day there will be no overdraft charge.

Anissa Brady — NAME (Please Print)
677050 — ACCOUNT #
Anissa Brady — SIGNATURE
4/21/10 — DATE

Month	March 2010																																		
Stations / Spots	WAVE-TV 3 (A - 32) WHAS-TV 11 (B - 41) WLKY-TV 32 (C - 45)																																		
Date	Feb 28	Mar 1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	Apr 1	2	3
Day	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
AM																																			
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12:00 - 12:59				B																		B													
1:00 - 1:59		BB	BB		B	B	BB									BB	B	B	B	B	B	B								BB	BB				
2:00 - 2:59								B										C								C			C						
3:00 - 3:59				C			C	C						C									C		C	C	C	CC	C						
4:00 - 4:59			C		C					C		C	C		C	C	C				C	C					C								
5:00 - 5:59				C			C				C										C	C						C	C						
6:00 - 6:59		A					B		A													B							C						
7:00 - 7:59		B			B	B		B		A						B			B			B										B			
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Total Spots = 118

Month	March 2010																																		
Stations / Spots	WAMZ - FM (A - 149)																																		
Date	Feb 28	Mar 1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	Apr 1	2	3
Day	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
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Total Spots = 149

March 30, 2010

Mr. Dwight Mohney
8602 Whipps Bend Road
Louisville, KY 40223

RE: Your Comment Card of 03-23-10

Dear Mr. Mohney,

I am in receipt of your correspondence and am sorry to hear you are having a problem. Please allow me to explain our position to you.

The Annual Percentage Rates (APR) we charge on all loans are predicated on FICO credit scores plain and simple. There is no almost, close to or any other exception. This policy assures an “across the board” standard of fairness for all members. The higher a member’s score is, the better the rate they receive. In most cases when a score is lower it could be signaling a variety of existing or potential problems. This is not to say it does in your case but the agencies that supply the scores simply supply “the score”. There is no analytical data included detailing the difference in yours and another equal to it. When we approve a loan with joint applicants we are depending on the credibility of both to repay the loan. In that scenario it is only fair to take the lower score following the thought process detailed above.

If we were considering a loan for you that no one else was signing on we would use only your score.

I would also offer the following information for you to use when comparing the cost of a loan. Our quoted rate is our APR. Some lenders, particularly in the real estate lending arena, quote a rate and the APR turns out to be greater when you actually close the loan due to undisclosed fees and other hidden charges. We operate on the simple premise that what you see is what you get and tell you up front.

We sincerely appreciate your business over the years and regret that we were unable to accommodate you in the manner you required on this transaction. Hopefully we will have an opportunity to do so again in the near future.

Sincerely,

Carl F. Hicks, Jr.
President and CEO

CH/lw