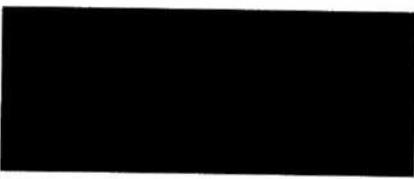


801.10



August 2, 2007

B Michael Verne  
Premerger Notification Office  
Federal Trade Commission  
6th Street & Pennsylvania Avenue, NW  
Room 310  
Washington, DC 20580

Re: Acquisition of [redacted] by [redacted] by merger under supervision of National Credit Union Administration ("NCUA")

Dear Mr. Verne:

Both [redacted] and [redacted] are federally chartered credit unions under the supervision of the NCUA.

We are writing to you for your concurrence with our analysis of the application of the size of transaction thresholds to the proposed merger under the Hart Scott Rodino premerger notification provisions under 15 U.S.C. 18a (a)(2).

As of June 30, 2007, [redacted] had assets of \$261,279,795 per its monthly financial statement. The June 30, 2007 NCUA 5300 Call Report is not yet available. For purposes of this analysis it is assumed that the assets reported in the Call Report of both (credit unions) companies will not be materially different from the currently available financial statements.

In calculating whether the Merger meets the size of transaction test under 15 U.S.C. 18a (a)(2)(B)(i), we believe that the assets listed below are properly excluded in determining the size of the transaction. We are basing our analysis, in part, on your conclusions in regards to a similar transaction involving credit unions ("informal determination") which we understand was contained in a FOIA response issued by your office on February 10, 2002.

[redacted] Assets as of 06/30/2007 \$261,279,795

Assets that we believe are excluded in the calculation of the size of the transaction would include specifically the following items shown on [redacted]'s Financial Statements, and supplementary accounting detail, copies of which we have attached:

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1. Cash and Cash on Deposit	\$17,718,860
2. Investments	29,936,071
3. Prepaid Expenses	154,630
4. 1 <sup>st</sup> Mortgages and Lines of Credit	142,956,721
5. Other Real Estate Loans	13,760,748
6. Land & Buildings, net	None
7. Other Fixed Assets, net	351,837

Total Exclusions \$204,878,867

Based on the foregoing, [REDACTED] reflects a total asset value of \$261,279,795 on its Financial Statements. The total excluded assets included in that amount are \$204,878,867 (see preceding detailed computation). The total assets, less the excluded assets, therefore, is \$56,400,928 which is below the transaction threshold of \$59,800,000 set forth in 15 U.S.C. 18a (a)(2)(B)(i). Accordingly, the merging parties are not required to file a pre-merger notification under 15 U.S.C. 18a.

Please contact me directly as to whether you agree with our conclusion with respect to this transaction. Your assistance is greatly appreciated.

Very truly yours,

[REDACTED]

AGREE - THIS  
IS NOT REPRESENTABLE  
BW  
8/22/07

## Detailed Computations

### Prepaid Expense

Prepaid Insurance	11,984	
Prepaid Other	142,646	
Total Prepaid Expense	<u>154,630</u>	FTC Exclusion
Other Assets	1,869,617	
All Other Assets	<u>2,024,247</u>	Financial Statement

### First Mortgages, Lines of Credit and Other Real Estate Loans

(A) First Mortgages	83,172,328	
(B) Second Mortgages	13,760,748	
Real Estate Loans	<u>96,933,076</u>	Financial Statement
(C) Home Equity Lines Of Credit	59,784,393	Financial Statement
Total Real Estate	<u>156,717,469</u>	
First Mortgages and HELOCs	142,956,721	FTC Exclusion (A)+(C)
Other Real Estate	13,760,748	FTC Exclusion (B)
Total Real Estate	<u>156,717,469</u>	

### Investments

Gross Investments	29,936,071	FTC Exclusion
Valuation Allowance for Investments	<u>(453,000)</u>	Financial Statement
Net Investments	<u>29,483,071</u>	Financial Statement

## CONSOLIDATED BALANCE SHEET

	4/30/2007	5/31/2007	6/30/2007	Monthly Variance	Budget 6/30/2007	Budget Variance
<b>ASSETS</b>						
UNSECURED LOANS	\$ 7,450,351	\$ 7,604,700	\$ 8,577,833	\$ 973,133	\$ 6,202,000	\$ 2,375,833
MASTERCARD	3,751,374	3,845,817	3,691,954	(153,863)	3,498,000	193,954
VEHICLE LOANS	34,778,438	35,301,362	35,642,336	340,974	33,185,000	2,457,336
OTHER LOANS	1,873,893	1,942,154	1,885,360	(56,794)	1,767,000	118,360
REAL ESTATE LOANS	96,825,173	96,259,558	96,933,076	673,518	105,855,000	(8,921,924)
HELOC	61,059,265	61,015,844	59,784,393	(1,231,451)	56,942,000	2,842,393
LOAN PARTICIPATIONS	2,194,639	2,191,473	2,187,695	(3,778)	1,844,000	343,695
DEFERRED ORIGINATION FEES	(605,951)	(601,328)	(533,137)	68,191	(589,000)	55,863
DEFERRED ACQUISITION COSTS	657,311	656,931	658,333	1,402	498,000	160,333
LOANS TO MEMBERS	207,984,493	208,216,511	208,827,843	611,332	209,202,000	(374,157)
LOAN LOSS ALLOWANCE	(257,888)	(402,929)	(329,608)	73,321	(257,000)	(72,608)
LOANS TO MEMBERS (NET OF ALL)	207,726,605	207,813,582	208,498,235	684,653	208,945,000	(446,765)
CASH	(1,204,310)	2,122,945	2,839,564	716,619	2,620,000	219,564
OVERNIGHT DEPOSITS	11,722,960	7,117,670	14,879,296	7,761,626	1,000,000	13,879,296
CASH AND OVERNIGHT DEPOSITS	10,518,650	9,240,615	17,718,860	8,478,245	3,620,000	14,098,860
FEDERAL AGENCY SECURITIES	18,687,005	18,686,965	22,679,315	3,992,350	16,186,000	6,493,315
CORPORATE BANK NOTES	502,010	1,060,393	1,564,856	504,463	503,000	1,061,856
BANK CERTIFICATES OF DEPOSIT	5,795,000	5,596,000	5,596,000	0	1,399,000	4,197,000
WESCORP PERMANENT CAPITAL	95,900	95,900	95,900	0	95,900	0
VALUATION ALLOW. INVESTMENTS	(212,044)	(315,335)	(374,887)	(59,552)	(453,000)	78,113
INVESTMENTS	24,867,871	25,123,923	29,561,184	4,437,261	29,260,270	300,914
MRTG SERVICING RIGHTS	1,063,952	1,069,821	1,052,508	(17,313)	1,112,000	(59,492)
FIXED ASSETS	378,556	365,197	351,837	(13,360)	488,000	(136,163)
NCUA SHARE INSURANCE CAP	2,072,924	2,072,924	2,072,924	0	2,015,000	57,924
ALL OTHER ASSETS	2,048,308	2,041,338	2,024,247	(17,091)	3,441,000	(1,416,753)
OTHER ASSETS	5,563,740	5,549,280	5,501,516	(47,764)	7,056,000	(1,554,484)
<b>TOTAL ASSETS</b>	<b>\$ 248,676,866</b>	<b>\$ 247,727,400</b>	<b>\$ 261,279,795</b>	<b>\$ 13,552,395</b>	<b>\$ 248,881,270</b>	<b>\$ 12,398,525</b>
<b>LIABILITIES</b>						
ACCRUED DIVIDEND PAYABLE	\$ 360,695	\$ 721,936	\$ -	\$ (721,936)	\$ -	\$ -
ACCOUNTS PAYABLE	578,727	1,035,786	1,273,898	238,112	945,000	328,898
ALL OTHER LIABILITIES	1,002,918	1,038,128	761,596	(276,532)	1,141,000	(379,404)
TOTAL OTHER LIABILITIES	1,942,340	2,795,850	2,035,494	(760,356)	2,086,000	(50,506)
STRATEGIC SAVINGS ACCOUNT	37,808,901	37,624,007	39,892,775	2,268,768	36,562,000	3,330,775
STRATEGIC MARKET ACCOUNT	64,078,436	64,609,375	66,137,700	1,528,325	64,691,000	1,446,700
FAST TRACK CHECKING	30,619,055	28,186,283	35,018,073	6,831,790	28,436,000	6,582,073
IRA ACCOUNTS	6,278,510	6,190,843	6,222,692	31,849	6,149,000	73,692
STRATEGIC YIELD ACCOUNT	81,930,591	82,168,425	85,527,902	3,359,477	85,516,000	11,902
MEMBER SHARES	220,715,493	218,778,933	232,799,142	14,020,209	221,354,000	11,445,142
<b>TOTAL LIABILITIES</b>	<b>\$ 222,657,833</b>	<b>\$ 221,574,783</b>	<b>\$ 234,834,636</b>	<b>\$ 13,259,853</b>	<b>\$ 223,440,000</b>	<b>\$ 11,394,636</b>
<b>EQUITY</b>						
REGULAR RESERVES	\$ 3,876,463	\$ 3,876,463	\$ 3,876,463	\$ -	\$ 3,876,463	\$ -
UNREALIZED GAIN/LOSS	(212,044)	(315,335)	(374,887)	(59,552)	(453,000)	78,113
UNDIVIDED EARNINGS	21,120,351	21,120,351	21,120,351	0	20,719,407	400,944
NET INCOME(LOSS) -YTD	1,234,263	1,471,138	1,823,232	352,094	1,298,400	524,832
MEMBER CAPITAL	\$ 26,019,033	\$ 26,152,617	\$ 26,445,159	\$ 292,542	\$ 25,441,270	\$ 1,003,889
<b>LIABILITIES+EQUITY</b>	<b>\$ 248,676,866</b>	<b>\$ 247,727,400</b>	<b>\$ 261,279,795</b>	<b>\$ 13,552,395</b>	<b>\$ 248,881,270</b>	<b>\$ 12,398,525</b>

**STATEMENT OF INCOME**

	6/30/2007	% Income 6/30/2007	YTD 6/30/2007	Budget		OVER/(UNDER)	
				MONTH	YTD	MONTH	YTD
<b>INTEREST INCOME</b>							
UNSECURED LOANS	\$ 81,003	6.72%	\$ 433,060	\$ 59,500	\$ 358,700	\$ 21,503	\$ 74,360
INTEREST-MASTERCARDS	33,708	2.80%	207,118	29,700	178,800	4,008	28,318
VEHICLE LOANS	181,928	15.10%	1,027,136	167,500	990,800	14,428	36,336
INTEREST-OTHER LOANS	14,180	1.18%	77,999	12,900	77,200	1,280	799
INTEREST-REAL ESTATE LOANS	512,049	42.49%	2,610,767	487,700	2,905,900	24,349	(295,133)
INTEREST-HELOC	380,390	31.56%	2,301,154	352,900	2,224,000	27,490	77,154
INTEREST ON MEMBER LOANS	1,203,258	99.84%	6,657,234	1,110,200	6,735,400	93,058	(78,166)
INCOME FROM FEDERAL AGENCIES	78,745	6.53%	449,193	65,600	413,300	13,145	35,893
INTEREST ON OVERNIGHT DEPOSITS	81,516	6.76%	283,254	3,900	14,200	77,616	269,054
INTEREST ON OTHER INVESTMENTS	31,665	2.63%	151,566	8,500	50,500	23,165	101,066
INVESTMENT INCOME	191,926	15.93%	884,013	105,400	533,200	88,526	350,813
<b>TOTAL INTEREST INCOME</b>	<b>1,385,184</b>	<b>115.77%</b>	<b>7,541,247</b>	<b>1,215,600</b>	<b>7,268,600</b>	<b>179,584</b>	<b>272,647</b>
<b>DIVIDENDS</b>							
STRATEGIC SAVINGS	32,871	2.73%	184,002	30,100	181,300	2,771	2,702
STRATEGIC MARKET	175,692	14.58%	969,305	187,200	1,115,600	(11,508)	(146,295)
FAST TRACK CHECKING	8,086	0.67%	41,122	4,800	28,900	3,286	12,222
IRA ACCOUNTS	20,312	1.69%	121,540	1,700	10,400	18,612	111,140
STRATEGIC YIELD	323,263	26.82%	1,924,541	342,300	1,949,200	(19,037)	(24,659)
<b>TOTAL DIVIDENDS</b>	<b>560,224</b>	<b>46.49%</b>	<b>3,240,510</b>	<b>568,100</b>	<b>3,285,400</b>	<b>(5,876)</b>	<b>(44,890)</b>
<b>NET INTEREST INCOME</b>	<b>834,960</b>	<b>69.28%</b>	<b>4,300,737</b>	<b>649,500</b>	<b>3,983,200</b>	<b>185,460</b>	<b>317,537</b>
LOAN LOSS PROVISION	(75,154)	-6.24%	202,564	11,000	66,000	(86,154)	136,564
<b>NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES</b>	<b>910,114</b>	<b>75.52%</b>	<b>4,098,173</b>	<b>638,500</b>	<b>3,917,200</b>	<b>271,614</b>	<b>180,973</b>
<b>OTHER FEES AND CHARGES</b>							
FEES/CHARGES	252,718	20.97%	1,437,632	220,000	1,320,000	32,718	117,632
MORTGAGE BANKING INCOME	14,204	1.18%	206,432	55,000	330,000	(40,796)	(123,568)
MISCELLANEOUS INCOME	28,132	2.33%	229,772	25,000	150,000	3,132	79,772
FEES/CHARGES/MISC	295,054	24.48%	1,873,836	300,000	1,800,000	(4,946)	73,836
<b>TOTAL INCOME</b>	<b>1,205,168</b>	<b>100.00%</b>	<b>5,972,009</b>	<b>938,500</b>	<b>5,717,200</b>	<b>266,668</b>	<b>254,809</b>
<b>G &amp; A EXPENSES</b>							
EMPLOYEE SALARIES	277,476	23.02%	1,571,909	271,700	1,595,100	5,776	(23,191)
CONTINGENT SALARIES	37,588	3.12%	337,216	65,000	390,000	(27,412)	(52,784)
EMPLOYEE - OTHER	36,813	3.06%	218,950	30,000	180,000	6,813	38,950
TRAVEL/CONFERENCE	24,981	2.07%	131,680	17,500	105,000	7,481	26,680
ASSOCIATION DUES	4,397	0.37%	29,125	4,500	27,000	(103)	2,125
ATM MAINTENANCE & EXPENSES	49,882	4.14%	298,845	55,000	330,000	(5,118)	(31,155)
SYSTEMS EXPENSES	58,562	4.86%	227,018	31,500	189,000	27,062	38,018
HOME BANKING EXPENSE	27,620	2.29%	166,986	27,500	165,000	120	1,986
MEMBER STATEMENTS	17,829	1.48%	100,162	15,000	90,000	2,829	10,162
DEPRECIATION EXPENSES	13,360	1.11%	94,834	18,000	96,000	(4,640)	(1,166)
OTHER OFFICE OPERATIONS	92,539	7.68%	431,498	82,000	522,000	10,539	(90,502)
EDUCATION & PROMOTION	62,827	5.21%	103,235	37,500	225,000	25,327	(121,765)
LOAN SERVICE EXPENSE	45,203	3.75%	168,022	50,000	300,000	(4,797)	(131,978)
PROFESSIONAL/OUTSIDE	66,392	5.51%	300,244	47,500	285,000	18,892	15,244
OPERATIONS EXPENSES	815,469	67.67%	4,179,724	752,700	4,499,100	62,769	(319,376)
FEDERAL SUPERV/EXAM	5,451	0.45%	16,354	5,000	30,000	451	(13,646)
CASH-OVER/SHORT	157	0.01%	1,984	600	3,600	(443)	(1,616)
INTEREST, BORR MONEY	0	0.00%	0	0	6,100	0	(6,100)
ANNUAL/STRATEGIC MEETING EXPENSE	0	0.00%	0	0	0	0	0
MISCELLANEOUS EXP	54,993	4.56%	72,428	7,500	45,000	47,493	27,428
OTHER EXPENSES	60,601	5.03%	96,768	13,100	84,700	47,501	6,068
<b>TOTAL EXPENSES</b>	<b>876,070</b>	<b>72.89%</b>	<b>4,270,490</b>	<b>765,800</b>	<b>4,583,800</b>	<b>110,270</b>	<b>(313,310)</b>
<b>NET AFTER G &amp; A EXPENSES</b>	<b>329,098</b>	<b>27.31%</b>	<b>1,701,519</b>	<b>172,700</b>	<b>1,133,400</b>	<b>156,398</b>	<b>568,119</b>
GAIN/LOSS ON INVESTMENTS	0	0.00%	0	0	0	0	0
OTHER NON-OPERATING INCOME	(4)	0.00%	5,213	0	0	(4)	5,213
FASB 91 DEFERRED ACQUISITION COSTS	23,000	1.91%	116,500	27,500	165,000	(4,500)	(48,500)
<b>TOTAL NON-OP INC/EXP</b>	<b>22,996</b>	<b>1.91%</b>	<b>121,713</b>	<b>27,500</b>	<b>165,000</b>	<b>(4,504)</b>	<b>(43,287)</b>
<b>NET INCOME</b>	<b>\$ 352,094</b>	<b>29.22%</b>	<b>\$ 1,823,232</b>	<b>\$ 200,200</b>	<b>\$ 1,298,400</b>	<b>\$ 151,894</b>	<b>\$ 524,832</b>

[REDACTED]

August 28, 2007

B. Michael Verne  
Pre-merger Notification Office  
Federal Trade Commission  
6<sup>th</sup> Street & Pennsylvania Avenue, NW  
Room 310  
Washington, DC 20580

RECEIVED  
PREMERGER NOTIFICATION  
2007 AUG 29 AM 11:09

RE: Acquisition of [REDACTED] by [REDACTED]  
by merger under supervision of National Credit Union Administration ("NCUA")

Dear Mr. Verne:

Thank you for your telephone message to [REDACTED] last week responding to [REDACTED]'s (" [REDACTED] ") letter dated August 2, 2007, and confirming [REDACTED]'s calculation of the asset size of its contemplated merger transaction with [REDACTED]. Your message further concluded that the adjusted asset level of the transaction is below the threshold requiring the filing of a pre-merger notification under 15 U.S.C. section 18(a).

Your timely review and prompt response are much appreciated.

Very truly yours,

[REDACTED]

[REDACTED]