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March 18th, 2009

To All Members:

On January 28, 2009, the Board of the National Credit Union Administration (NCUA), the federal regulator for federally insured credit unions, acted to stabilize the corporate credit union system that is under unprecedented liquidity and capital stress due to extraordinary market disruptions and the current economic climate. Like the Federal Reserve Banks, corporate credit unions do not deal directly with consumers, but provide investment, financing, check clearing, and other services to retail credit unions (also called "natural person credit unions"), such as Desert Valleys Federal Credit Union. NCUA has passed on the expense of its corporate credit union stabilization action, to the nation's 7,800 federally insured retail credit unions including Desert Valleys.

As a result of these actions by NCUA, federally insured credit unions will likely experience a short-term decline in earnings and net worth (i.e. capital). This decline, while unforeseen, does not endanger the fundamental safety and soundness of Desert Valleys, nor that of U.S. credit unions as a whole. Your funds on deposit are insured by the National Credit Union Share Insurance Fund (NCUSIF) and continue to be backed by the full faith and credit of the United States Government, up to at least \$250,000. Individual Retirement accounts are insured separately up to \$250,000.

We invite members to review our credit union's overall financial health and 2009 operating results. Any losses resulting from NCUA's Corporate Stabilization Plan do not stem from mismanagement by the credit union's staff, nor from lack of oversight by the credit union's board of directors. We welcome any questions, comments, or concerns you may have. Additionally, you may obtain detailed information about these actions and their anticipated effect on credit unions at NCUA's website: <http://www.ncua.gov/CorporateStabilizationProgram.html>.

While credit unions have not been immune to the economic downturn, we are well-capitalized overall, we are strong, and we are well-positioned to weather the storm. In addition, credit unions have always been uniquely cooperative in nature, pulling together to address financial challenges and using credit union system resources rather than turning to taxpayer dollars. This situation is no different, as it involves only credit union funds paid into the NCUSIF.

We thank you for your continued participation as a member-owner in your credit union and will continue to update our members regularly. We also welcome any comments or questions at desertvalleys@iwvisp.com.

Sincerely,

Eric A. Bruen
President/CEO

“Starting Out or Starting Over.....We’re here for YOU”