



MAIN OFFICE

197 Broadway
Saranac Lake, NY 12983
(518) 891-1666
FAX (518) 891-1797

BRANCH OFFICE

453 Wesvalley Road
Lake Placid, NY 12946
(518) 523-2775
FAX (518) 523-5328

We've all been hearing the latest news about the bailout of Wall Street, the bankruptcy of Lehman Brothers, the biggest filing in history, the Federal takeover of Fannie Mae and Freddie Mac and the closure of several banking institutions by the FDIC.

In light of this recent news, our Board of Directors and I wanted to provide you with information about the safety and soundness of the Tri-Lakes Federal Credit Union, how your funds are insured and where you can go to get additional information.

As your CEO, I will continue to act responsibly on our members' behalf and provide a stable place for your deposits with an equitable rate of return and a source of liquidity.

Q. Are my deposits safe at the credit union?

A. Your credit union adheres to federal regulations and operates in a safe and sound manner with the members' best interest in mind. Credit unions are also member owned so they are not pressured into earning high profits for stockholders. In addition to strong regulatory guidelines; member deposits are insured.

Tri-Lakes FCU is a federally insured credit union and is chartered, regulated and insured by the National Credit Union Administration (NCUA), an agency of the federal government. The National Credit Union Share Insurance Fund (NCUSIF) is the federal fund created by Congress in 1970 to insure member's deposits in credit unions up to the \$100,000 federal limit. Coverage may exceed \$100,000 depending on the structure and type of account. Retirement accounts are insured up to \$250,000. Administered by the National Credit Union Administration, the NCUSIF is backed by the full faith and credit of the U.S. Government. Your share insurance is similar to the deposit insurance protection offered by the Federal Deposit Insurance Corporation (FDIC).

Q. What is the impact of the housing market on Tri-Lakes?

A. The credit union does not engage in sub-prime mortgage lending, or many of the complex structured investments vehicles others engage in. The credit union follows a conservative lending and investment policy approved by the Board of Directors.

- Mortgage delinquencies during the second quarter at the credit union were zero. In fact, the credit union has never incurred a loss associated with a real estate loan.
- Real Estate makes up less than 23% of the loan portfolio reducing our exposure to default and interest rate risk. Other institutions carry a higher percentage of their loan portfolio in real estate.
- Mortgage charge-offs during the first quarter for all credit unions nationwide were a miniscule 0.06%. Our credit union's mortgage charge-offs in the first quarter were 0.00%.

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- More broadly, the Tri-Lakes overall delinquent loans to total loans are lower than peer national averages as of the end of the second quarter. Tri-Lakes reportable delinquent loans to total loans were .20% and the peer national average was 1.36%.

In addition, your member-owned credit union does not sell its mortgages to the secondary market meaning; we hold the mortgage for its entire term. Since we hold your mortgage our underwriting standards are higher. Secondly, our real estate portfolio is well seasoned, reducing the risk of default. The credit union does not have a lending portfolio consisting of land development or construction loans. All of these factors increase our financial soundness. As a local financial institution, our mortgage loans are made on local properties within the Tri-Lakes and its surrounding areas. We do not hold any mortgage loans in high risk markets.

If you still have questions please feel free to stop in and ask.

Additional Information

The shares in your credit union are insured by the National Credit Union Share Insurance Fund (NCUSIF). Your share insurance is similar to the deposit insurance protection offered by the Federal Deposit Insurance Corporation (FDIC). <http://www.ncua.gov/ShareInsurance/index.htm>

To determine insurance coverage, see the NCUA's insurance estimator at:
<http://webapps.ncua.gov/ins/>

For more information on federal share insurance, see the NCUA brochure "Your Insured Funds," available at: http://www.ncua.gov/Publications/brochures/insured_funds/funds.pdf

Best regards

Edward L. Lewis, CEO