

CreditCheck

NEWSLETTER FROM THE CHURCH OF THE BRETHREN CREDIT UNION

THIRD QUARTER 2007

Establishing a good credit report

The importance of a good credit score cannot be overstated. Credit scores affect whether you can get credit and what you pay for it. Borrowers with low credit scores are relegated to the sub-prime world of higher interest rates, higher monthly payments, poor credit terms, larger down payments, and fewer financing options. A low credit rating always costs more.

Building a good credit reputation is a crucial element of stewardship for anyone wanting to secure financing in the future, especially for the purchase of a home, but building a good rating takes effort.

Many erroneously believe that everyone starts the game of life with a high credit rating that remains clean and pristine, like a driving record, until a late payment, a maxed-out credit card or a NSF (non-sufficient funds) check is written and the score gets blemished. Some even avoid credit to ensure their credit rating remains high. This is misconception: You have to play to score.

Credit scores are a reflection of credit history and are determined through a points systems. A long history of paying off credit card balances each month tallies up positive points to the three-digit score, while financial missteps lower it. Never financing a car, owning a credit card, or managing a school loan results in no credit history. Credit scores help lenders determine how likely it is that a borrower will repay a loan; without a proven record of reliability, a borrower will not qualify

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New Club Savings Rates

The Church of the Brethren Credit Union has increased its club savings account dividend rates to 3.00 percent to encourage its members to start saving regularly. The new rates are more than double a regular savings account rate and are for the CoBCU's Vacation, Christmas, Youth, Kids, and Mission club accounts.



Beside the club accounts, the Credit Union also offers a wide range of accounts to meet every member's needs. These accounts are regular savings accounts, money market accounts, Traditional and Roth IRAs, and Coverdell ESAs. Members can take advantage of even higher dividend rates by opening up Certificates of Deposit as well.

Having a special club account to save for a set purpose is a

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Risk-based lending

The Church of the Brethren Credit Union Board has approved a policy to offer risk-based lending to its members. Risk-based lending offers loan interest rates based on a member's credit score. The higher the member's credit score, the lower the interest rate. An individual's credit score is becoming an increasingly important and valuable personal asset.

The purpose of the risk-based lending policy is to help as many members as possible obtain loans at reasonable rates. The Credit Union recognizes that certain members represent more risk than others. The Credit Union also believes it has members who are being charged excessively high rates by other lenders and, therefore, would benefit from a managed-risk program. Risk-based lending will save some members substantial money while helping others rebuild their credit ratings. — Dennis Kingery

“club savings rates” continued from front

key component in reaching a saving’s goal. Whether it is saving for retirement, college, Christmas, or your next vacation, one successful method is to determine the amount that needs to be set aside each month and then utilize an automatic depositing system such as payroll direct depositing to have funds regularly deposited into the account.



Automatic deposits are a hassle-free way to ensure that reaching your goal remains a priority. The earlier you set your saving goal, set up your account, and establish your electronic transfer, the less you will have to save per month. So start early and save regularly. Our new club rates will help. — Dennis Kingery

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for prime interest rates. Individuals start out with a relatively neutral credit rating that has to be built through a history of wise credit management.

A good tip for young adults is to be intentional about establishing their credit rating. Carefully wielding a credit card or financing a vehicle will build a credit score in ways that paying by check cannot. Avoiding credit often proves to be penny-wise but pound-foolish when it results in a sub-prime mortgage. One aspect of good stewardship is managing credit wisely. Ironically, the first step in buying a house is buying a car. Check your free credit report at www.annualcreditreport.com. — Jay Wittmeyer

Loan Rates

LOAN RATES

New Car	5.99%
Used Car	6.74%
Motor Cycle/Boat	7.99%
Share Secured Loan [†]	3.00%
Personal Loan* — 1-year	9.99%
Personal Loan* — 2-year	10.99%
Personal Loan* — 3-year	11.99%
Personal Loan* — 4-year	12.99%

[†]Members may use shares on deposit at the Credit Union as collateral for their loan. Share-secured loan rates are 3% higher than the rate earned on the shares.

*Limit of \$10,000 loan amount.

Hybrid Vehicle Discount To support the Church of the Brethren’s value of caring for creation, the Credit Union will discount loan interest rates for hybrid vehicles by 0.50%.

Savings Rates

SAVINGS ACCOUNT RATES

As high as 1.60%

CLUB SAVINGS ACCOUNT RATES

	APR	AVG APY
Christmas and Vacation Club ^{†*}	3.00%	3.03%
Brethren Youth Mission Club [†]	3.00%	3.03%
Kids and Youth Club	3.00%	3.03%

[†]Accounts are limited to no more than four withdrawals per year.

*Monthly deposit required.

MONEY MARKET ACCOUNT RATES

As high as 3.00%

CERTIFICATES OF DEPOSIT RATES and INDIVIDUAL RETIREMENT ACCOUNT RATES

As high as 4.35%

Share accounts are guaranteed against losses of up to \$100,000 by the NCUA. All rates are subject to change.

Find up-to-date savings, loan, CD, and IRA rates online at www.cobcu.org.



To learn more about our services, call toll-free at **888-832-1383**.
cobcu@brethren.org ♦ www.cobcu.org

Savings Accounts ♦ CDs ♦ IRAs ♦ Christmas Accounts ♦ Children’s Accounts ♦ Youth Mission Accounts

Vehicle Loans ♦ Boat & Motorcycle Loans ♦ Personal Loans ♦ Share Secured Loans ♦ Money Market Accounts