

CreditCheck

NEWSLETTER FROM THE CHURCH OF THE BRETHREN CREDIT UNION

FOURTH QUARTER 2007

Risk-based lending now in effect

On Sept. 4, 2007, the Church of the Brethren Credit Union switched to a risk-based lending policy for its loans. Risk-based lending uses a tiered-pricing structure to assign loan rates according to an individual's credit risk as determined by their credit score. Since this structure more closely matches the anticipated risk on a loan with an appropriate interest rate, the new policy will effectively meet the credit needs of CoBCU's growing membership, while being true to the Credit Union's mandate of being fiscally responsible.

One of the biggest changes that members will notice is that risk-based lending will allow members with above average credit scores to receive rates that are significantly below national averages. For example, the national average rate for a loan on a new automobile is 6.91 percent, while CoBCU's new lending rate is currently 5.99 percent. This will save members \$520 on a 60-month, \$20,000 new car loan. CoBCU's rate for a personal loan is a full 5.5 percentage points lower than the national average.

Risk-based lending also benefits members with low credit scores who would not have qualified for a loan in the past. It will provide a means for members to get financing through the Credit Union to repair their credit scores, ensuring that these members do not have to turn to an alternative "financial provider" — such as a finance company, rent-to-own store, title loan company, pay-day loan store, or pawnshop — and pay excessive rates. First-time borrowers will also benefit from the new risk-based lending policy as they begin to establish their credit history.



Kevin Dulabaurn

Dennis Kingery describes CoBCU services to a member at Annual Conference 2007.

How to improve your credit score

Whether you are looking to purchase a home or a used car, your credit report will greatly affect your financing. Maintaining a good credit score is, therefore, vital to being a good financial steward.

The first step in having a high credit score is to regularly monitor it to make sure it is error-free. Some scores are inaccurately low simply because they contain wrong information. Credit agencies will investigate inaccuracies

and make changes; do not hesitate to ask.

Second, you must handle credit appropriately.

This means you must pay your bills on time.

Nothing rings of high risk like a borrower that misses payments.

Third, keep your credit card debt low. Just because a card gives you a high set limit, it does not mean it is wise to reach it.

Finally, do not juggle your debts between cards; pay them off. — JW

Keep Your Credit In Check

- ✓ Regularly monitor your credit report to make sure it's error free
- ✓ Pay bills on time
- ✓ Keep credit card balances low
- ✓ Pay off debt rather than shifting it from one account to another

The new policy will benefit some members with substantial savings, while helping others rebuild their credit ratings. As a member's credit history improves, risk-based lending will recognize and reward the borrower's financial improvement. — Jay Wittmeyer

Send your checks to this address

The Credit Union utilizes a lockbox service to provide efficiency and security in handling members' deposits and loan payments. As CoBCU will be changing its lockbox service provider, the address for sending checks to CoBCU will also be changing. The Paysphere address will be discontinued this month and all new checks should be sent to —

**Church of the Brethren Credit Union
24095 Network Place
Chicago, IL 60673-1240**

The lockbox service eliminates the need for CoBCU staff to physically sort, photocopy, and store receipts
continued on back

Summer vacation — Is it paid for yet?

As summer is over and America is full-swing into its fall routine, now is a good time for a financial check-up. Vacations can completely blow our annual budgets, making October a good month to assess the well-being of our finances?

Vacationers who planned ahead, had their finances in place before their trip, and spent according to their budget can reflect back with a sense of satisfaction. Those who traveled by credit card this summer may reflect that nothing sours a good trip like the nagging concern of mounting debt. Fifteen percent of Americans did not take a vacation. While these stay-at-homeers saved the expense, they may be having other regrets, as vacations can renew our energy, give us a fresh perspective, and create strong memories for our families.

If your summer was less than spectacular, be prepared to do things differently next year. Start with your finances. Vacations are so much more relaxing when you have worked out a basic budget to your journey and have your finances in place in advance. Whether you intend on traveling to Richmond, Schwarzenau, or another exotic locale next summer, take a minute to estimate a basic budget and begin putting aside an equal amount each pay period between now and then to reach your set goal.

The Credit Union can assist in making your next vacation a success. CoBCU can open a Vacation Club account for you and create an automated direct deposit that will transfer a set amount each pay period to guarantee that you are able to save enough for your vacation goal. — JW

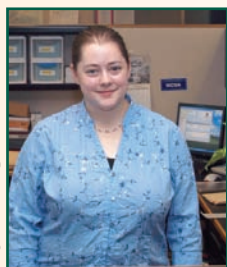


Nevin Dulabaum

CU hosts its first Ministry Summer Service

Katherine Allen, a member of the Woodgrove Brethren Parish of Michigan District, joined CoBCU this summer as a Ministry Summer Service intern to get first-hand experience in financial services and credit union management.

Katherine, who is pursuing a double major in accounting and not-for-profit management at Manchester College in North Manchester, Ind., found the



Nevin Dulabaum

internship to be a very positive experience. She has a long-term vision to help the church better manage its resources, since, as she said, “Churches that are good stewards of their finances are able to do so much good for others.” The internship encouraged Katherine to continue her career goal that combines her passion for accounting with her faith.

Dennis Kingery, director of Credit Union operations, said that Katherine was an enormous asset. She was able to take on many day-to-day responsibilities of serving clients and assisting in the general administration of the Credit Union, which allowed Dennis to focus on the development of new products and services.

Given the positive experience, CoBCU intends on hosting more interns in the future. If you have an interest in an internship, please contact us. — JW

“change of address” continued from front

on site, while ensuring that remittances are deposited quickly with greater internal controls. For the past four years, CoBCU has contracted with LaSalle Bank for its lockbox service. It is now switching to JPMorgan Chase Bank in order to contain costs and move to an environmentally friendly, paperless system.

The new Chase lockbox will be available beginning Oct. 1, 2007. The old address can still be used until Nov. 1, 2007. After that, LaSalle Bank will forward all deposits to the new lockbox for 90 days. Members will need to make the address change for all deposits and loan payments, including those that originate from online bill-pay services.

This is a good time to consider going paperless yourself and utilize CoBCU’s Electronic File Transfer service for your deposits or loan payments. An EFT is convenient, secure, free of cost, and automatic. — JW

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

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