



Refinance Your Mortgage at **3.99%!** APR*

You couldn't ask for a better time to be a homeowner than right now! Why? Because interest rates on mortgages are so dramatically low, you can save big when you refinance. A smart way to take advantage of these low rates is with a HIGH EQUITY LOAN from Arkansas Federal.

For a short time, Arkansas Federal is offering HIGH EQUITY LOANS with:

- **No points**
- **No closing costs**
- **No appraisal fee**
- **No annual fee**

But the best part is an attractive 3.99% Fixed APR for five years for a one-time application fee of \$99.00 and no additional points or closing costs. Now's the time to get locked into a low APR while the market is enjoying historically low interest rates!

It's Easy to Participate... We'll Show You How

Do you have 40% equity in your home? Is your existing mortgage payoff amount less than \$150,000? Do you owe at least \$20,000? If you can answer yes to these questions then you are eligible to apply. You need an existing AFCU Checking Account, an AFCU VISA Credit Card, and set-up with our paycheck direct deposit service to earn our special 3.99% APR*. We can

easily open any or all of these great services for you. Tell your family members and co-workers about this great benefit of membership and invite them to join AFCU.

The examples below will show you the approximate payment to be mortgage debt free in 5 years.				
If You Owe	\$25,000	\$50,000	\$75,000	\$100,000
Annual Percentage Rate	3.99%	3.99%	3.99%	3.99%
Monthly Payment	\$460.34	\$920.67	\$1,381.01	\$1,841.34
Application Fee	\$99.00	\$99.00	\$99.00	\$99.00
Points, Appraisal Fee & Closing Costs	NONE	NONE	NONE	NONE

Here Are Four Simple Ways to Apply for a HIGH EQUITY LOAN

- 1) Phone-A-Loan - Dial 800-456-3000 or 982-1000 and press 6
- 2) Internet Branch - Click on Loan Applications at www.afcu.org
- 3) Telephone Branch - Dial 800-456-3000 or 982-1000 during business hours
- 4) Schedule an appointment with one of our Loan Officers

* Annual Percentage Rate.

Fort Smith Branch *Ground Breaking*



On February 8, 2003, AFCU broke ground on a new branch in Fort Smith. This new facility, to be located at 7887 Phoenix Avenue, will replace the existing storefront branch currently located at 1301-C South Waldron Road.

This new branch will open October 13, 2003, and will include plenty of parking, 4 drive-thru lanes, and a drive-up ATM.

"We acquired our first Fort Smith branch as a result of a merger with U.S. Government Employees Federal Credit Union in July of 1991. We opened our current location on August 16, 1993, and increased members' use of this facility has convinced us that a permanent facility with expanded parking and drive-up service is justified," said H. C. Klein, President/CEO.

"In 2001, we conducted a demographic survey of our members which indicated the Fort Smith market was a growing area for us in terms of employer groups, existing members, and potential members. The study also told us we needed more room to add additional services such as

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drive-thru lanes, a drive-up ATM, and more parking," said Rodney Showmar, Vice President of Marketing for AFCU.

This branch will also feature state of the art technology to better serve our members. An electronic lobby will enable members to use the ATM, Night Depository, Phone-A-Loan, AnswerLine, Touch-Tone-Teller, the Internet Branch, and other services of the credit union 24 hours a day, every day of the year.

Inside the branch, members will find a Member Service Center with helpful Member Service Representatives ready to answer your financial questions and help you with services. In addition, state-of-the-art remote teller stations will allow Tellers to help the drive-thru lanes and the walk-up stations at the same time. A number of booths will have monitors that connect you face-to-face with a teller in the "teller room". A tube system, similar to the drive-thru, will allow you to send your financial request to the teller. This feature means all teller windows will be open to serve you and creates a safer environment since all the money will be behind locked doors and video screens.

AFCU employees and the entire operation currently located at 1301-C South Waldron Road will move to this new location in October. When you visit the new branch, you'll be greeted by the same familiar faces that serve you today.



SAVINGS RATES

Share Savings	1.25%
Special Savings	1.25%
I.R.A. Savings	1.25%
Money Market	1.30%
91-day Certificate/IRA	1.40%
91-day Jumbo Certificate	1.55%
182-day Certificate/IRA	1.80%
182-day Jumbo Certificate	1.95%
1-year Certificate/IRA	2.25%
2-year Certificate/IRA	2.75%

Rates effective as of printing. Savings rates are declared for the previous quarter, and dividends are paid quarterly. Money Market and Certificate Account dividends are paid monthly. Rates subject to change without notice. Contact a credit union employee for information on applicable fees and terms. All savings rates are quoted as an Annual Percentage Yield (APY).

LOAN RATES

<u>New Car/Truck/Van</u>	<u>APR</u>
Up to 24 Months	3.90%
25 to 36 Months	4.40%
37 to 48 Months	4.90%
49 to 60 Months	5.40%
61 to 72 Months	5.90%
73 to 84 Months	6.40%
<u>Used Car/Truck/Van</u>	
<u>Current & 1-Year-Old Models</u>	<u>APR</u>
Up to 24 Months	3.90%
25 to 36 Months	4.40%
37 to 48 Months	4.90%
49 to 60 Months	5.40%
61 to 72 Months	5.90%
<u>Used Car/Truck/Van</u>	
2- to 5-Year-Old Models	5.40%
New & Used Motorcycle	5.40%
New & Used Boat	5.40%
New & Used RV	5.40%
New & Used Airplane	5.40%
Other Collateral	5.40%
<u>Home Equity Loans</u>	<u>APR</u>
E-Z Home Equity - 5 yrs	6.40%
Generous Home Equity	as low as 5.40%
Conventional Home Equity	as low as 3.99%
Lot or Land Loans	6.90%
Share Pledged (Savings)	4.25%
Certificate Pledged	3% above certificate rate paid
Credit Builder	9.50%
Personal Signature	12.90%
VISA Credit Card	9.90%

All loan rates quoted as an Annual Percentage Rate. There is a five acre maximum on lot or land loans.

MORTGAGE LOAN RATES

<u>FHA/VA</u>	<u>Rate</u>	<u>Points</u>
30 Year	5.375%	1.625%
30 Year	5.500%	0.000%
Sample APR	5.777%	
15 Year	5.000%	0.000%
15 Year		
Sample APR	5.465%	
<u>Conventional/Fixed Rate</u>	<u>Rate</u>	<u>Points</u>
30 Year	5.500%	0.500%
30 Year	5.625%	0.000%
Sample APR	5.716%	
15 Year	4.875%	0.125%
15 Year	5.000%	0.000%
Sample APR	5.152%	

There is a 1.000% origination fee on all loan programs. Rates quoted are for loan amounts over \$100,000. Call 501-982-1000, Ext. 151, for quotes on loans under \$100,000. 45-day lock-in on all programs quoted. Rates are subject to change daily.

WEST LITTLE ROCK BRANCH GRAND OPENING

Arkansas Federal Credit Union held a Grand Opening January 6th, 2003, for the new West Little Rock Branch located at 1221 South Shackleford Road. In attendance were members, AFCU Officials, along with representatives from the Little Rock Regional Chamber of Commerce, Senator Blanche Lincoln's office, Congressman Vic Snyder's office, the Little Rock City Board of Directors, and other local businesses leaders in Little Rock.



AFCU Does Away with Deposit Slips and Goes to Quik-Receipts

In January of this year, AFCU instituted new Quik-Receipts to serve our members more efficiently. With the new Quik-Receipt process, you can now bypass the check desk and avoid completing a deposit slip. Simply present your membership card and government issued photo identification to the teller and tell them your financial needs.

With Quik-Receipts, there are no more pre-printed receipts for the credit union to purchase and store. Receipts are printed on blank thermal laser paper rolls, which substantially reduces AFCU's cost in stocking receipts. Information from the completed receipt is stored electronically for fast easy access with the click of a button. Signature scanners at the teller line, new accounts, and loan areas capture your signature and attach it to the receipt prior to printing the member's receipt copy.

Quik-Receipt represents a major improvement to our current teller process. There are no longer over 1,000,000 transaction request a year for members to fill out, employees to microfilm, and file. No longer does the credit union have to store 1,000,000 receipts a year and then (at a later time) shred and dispose of them. This new system is one of many ways AFCU continues to use technology to provide the most efficient and effective service possible to our members and employees while also reducing costs.

Members Elected To *The Board of Directors*

At the 47th Annual Membership Meeting of Arkansas Federal Credit Union, held Tuesday, March 25, 2003, two members were elected by acclamation to serve three-year terms and one member was elected by acclamation to serve a one-year term on the credit union's Board of Directors. Those members are Phillip B. Boudreaux, Fred Van Driesum, and Jerry Spratt respectively.

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YOUR PRIVACY NOTICE

Arkansas Federal Credit Union is committed to meeting the financial needs of its Members. To meet this commitment, the Credit Union must, at times, gather sensitive and/or confidential information from Members. Using this information appropriately and protecting the privacy of each Member is of the utmost importance to the Board of Directors, Management, and Staff of the Credit Union.

To ensure that Member privacy is protected Arkansas Federal Credit Union pledges:

To follow the letter and the spirit of privacy laws by collecting only personal information necessary to conduct the Member's business.

To protect each Member's personal information by maintaining strong controls to ensure that information stored in files and computers is protected. Where appropriate, security-coding applications will be used to prevent unauthorized access.

To allow access to one's own information for review, update, and/or correction.

To only share information when necessary to provide the Credit Union's products and services to its Members.

To partner only with service providers and businesses that follow strict confidentiality requirements. Under no circumstances will affiliated businesses be allowed to charge fees to accounts without express Member permission, and information will never be sold to telemarketing firms.

To provide each Member the right of choice as to how non-public personal information provided to non-exempt Business Partners may be used. If non-public personal information is to be shared with such entities, each Member will be provided direction as how to prevent the Credit Union from providing his or her non-public personal information, and Arkansas Federal Credit Union will take all reasonable steps to see that such requests are followed. At least once per year each Member will be reminded of this right to choose.

This statement updates and replaces any other notices regarding the Privacy Policy of Arkansas Federal Credit Union. 📄

U.S.A. Patriot Act *Identity Verification Notice*

On October 26, 2001, President Bush signed into law the U.S.A. Patriot Act. The purpose of this law is to help protect you, your family, and our country from terrorism. Preventing terrorist financing is one way we can help prevent terrorism. We want you to know that section 326 of this Act requires our credit union to verify the identity of all new credit union members. We must also verify the identity of members and nonmembers added as signatories to, and who have access to, new or existing deposit accounts and loans. We must also retain copies of documents used to verify your identity.

If you are an existing member who joined the credit union before the U.S.A. Patriot Act rule became effective, we may also need to verify your identity when you request a new deposit account, apply for a loan, or are added as a signatory to a new or existing deposit or loan account.

We ask for your understanding as we work to support these efforts to maintain the security of your funds and our country. Please speak with a credit union staff member if you have any questions or concerns about our identity verification policies. 📄

Has Your ID Been Scanned?

At AFCU, we comply with the U.S. Patriot Act by using technology to scan your drivers license (or other government issued picture ID) into our data processing system. This insures that our staff knows whether you or a joint owner or joint borrower is transacting business on your account.

If your driver's license has not been scanned at one of our offices or you are unsure that we have your picture on file just ask any employee the next time you visit one of our branch offices. 📄

JOIN AFCU AT CAR WARS— WAR MEMORIAL STADIUM APRIL 24-27!



Each year the Pulaski County auto dealers sponsor Car Wars at War Memorial stadium. This year Car Wars will be held on April 24, 25, 26, and 27th and, once again, Arkansas Federal Credit Union will be on-site to serve our members.

During these four days, Arkansas Federal Credit Union will offer special financing on new and used cars. This special financing applies only to new and used autos actually purchased on April 24, 25, 26, and 27th. To save money on your next new or used car purchase, call now for pre-approval and watch your mail for a special reminder prior to April 24. 📄

BOARD OF DIRECTORS

- Phillip B. Boudreaux, *Chairman*
- Art Williams, *Vice Chairman*
- Fred Van Driesum, *CFP, AFC, Secretary*
- Garold L. White, *Treasurer*
- Jerry E. Spratt, *CPA, CFE, CGFM, CFSA, Director*

SUPERVISORY COMMITTEE

- Robert Rodgers, *CPA, Secretary*
- Don Greene, *Member*
- Jay Simmons, *Member*

CREDIT APPEALS COMMITTEE

- Dale Duell, *Chairman*
- Pat Hudon, *Member*
- Carol Lunday, *Member*

MANAGEMENT

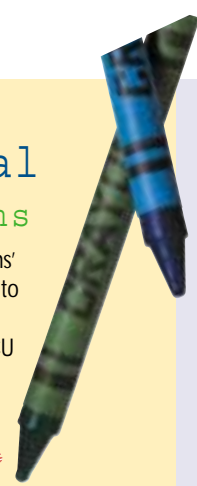
- H. C. Klein, *President/CEO*
- Craig Savell, *Senior Vice President/Operations*
- Dennis Gibson, *NCCO, Senior Vice President/Service Delivery*
- Terry Borreson, *CPA, CIA, CISA, Senior Vice President/Finance*
- Rodney P. Showmar, *Vice President/Marketing*
- Janie Warner, *SPHR, Vice President/Human Resources*
- Andy Reed, *CNE, MCP, Vice President/Information Systems*
- Steve Smith, *Purchasing Manager*
- Teri Miessner, *Collections Manager*
- Brian Berstler, *Accounting Manager*
- Carol St. John, *Mortgage Loan Manager*
- Karen Smith, *Electronic Funds Transfer Manager*
- Nicole Matsoukas-Eilts, *Account Research Manager*
- Sandy Bearry, *Conway Branch Manager*
- Terry Vick, *Jacksonville Branch Manager*
- Laura Bradley, *Fort Smith Branch Manager*
- Teresea Dollar, *Telephone Branch Manager*
- Victoria Wilson, *Little Rock Branch Manager*
- Angela Heard, *West Little Rock Branch Manager*
- Mary Johnson, *North Little Rock Branch Manager*

MISSION STATEMENT

Arkansas Federal Credit Union is a member-owned financial cooperative dedicated to being the primary financial institution for all members by providing quality services while maintaining a strong financial foundation.

Arkansas Children's Hospital to Benefit from Member Contributions

The Childrens' Miracle Network (CMN), a nationwide, fundraising program for 160 childrens' hospitals across the U.S., needs your help! Last year AFCU members donated over \$8,700 to The Childrens' Miracle Network. That amount was matched 100% by AFCU for a total donation of over \$17,400 at the CMN telethon on June 2, 2002. This year members of AFCU are again asked to help raise funds for Arkansas' CMN hospital, Arkansas Childrens' Hospital, through donations made at any AFCU Branch. Help us reach our \$20,000 goal by donating at any AFCU branch or by calling our Telephone branch at 501-982-1000 or 800-456-3000 and authorizing a one-time withdrawal from your credit union account.



AFCU information

LOCATIONS

- Jacksonville Branch**
2424 Marshall Rd.
 - North Little Rock Branch**
4848 North Hills Blvd.
 - Camp Robinson Branch**
Bldg. 5400, Canteen*
 - Little Rock Branch**
1001 W. Capitol Ave.
 - West Little Rock Branch**
1221 S. Shackelford Rd.
 - Conway Branch**
220 Skyline Drive, Hwy. 65 North
 - Fort Smith Branch**
1301-C South Waldron Rd.
 - Telephone Branch**
P.O. Box 9, Jacksonville, AR 72078-0009
 - LRAB Exchange ATM Facility**
Building 940 at Arnold Drive
 - LRAB Shoppette ATM Facility**
Building 1996, Arnold Drive & Arkansas Blvd.
 - Donaghey Building South ATM Facility**
7th & Main, First Floor - Little Rock
 - State Capitol ATM Facility**
First Floor Lobby - Little Rock
- BRANCH HOURS**
Mon.-Thurs. 9 a.m.-5 p.m.
Fri. 9 a.m.-6 p.m.
*Closed from 1:00-2:00 p.m.
- TELEPHONE BRANCH**
- | | |
|---------------------|--------------|
| Local: | 501-982-1000 |
| Fort Smith Local: | 479-782-1000 |
| Conway Local: | 501-329-1000 |
| Toll-Free Services: | 800-456-3000 |
| TDD Number: | 501-982-8732 |
| FAX Number: | 501-982-FAXX |

MEMBERSHIP GROUP EXPANSION

Employers today must continually strive to provide competitive benefit packages to attract and retain qualified employees. They can gain the competitive edge at little or no cost by providing credit union membership to their employees.

Arkansas Federal Credit Union membership provides a company's employees with full service, quality financial products and services such as Free Checking, competitive loan rates,

great savings dividends, and access to their accounts around the clock with services such as Internet Account Access, Bill Payment, Touch-Tone Teller, and worldwide ATM Access.

Several new employer groups joined AFCU's field of membership over the past few months. We want to take this opportunity to welcome each one of them to the Arkansas Federal Credit Union family!

Northpoint Mazda & Volkswagen, Sherwood, Arkansas
Central Arkansas Library Systems, Little Rock, Arkansas

Tell your co-workers and family members about the great benefits they are missing, and invite them to join Arkansas Federal Credit Union. If you know a business that would like to offer credit union membership to its employees, please call the marketing department at (501) 982-1000 extension 251.

2002 ANNUAL REPORTS NOW AVAILABLE

To request a copy of the 2002 Annual Report, call the Telephone Branch at 501-982-1000 or 800-456-3000. Or you can visit any AFCU branch office to pick up a free copy.

Keep Your Account Active

Inactive accounts are defined as accounts that have less than \$200 on deposit and have had no activity (deposits, transfers, loans, etc) in 12 months. To cover the costs of upkeep on such accounts, a \$5 per quarter fee is charged to inactive accounts. You can avoid being charged this fee by simply keeping your account active.

Supervisory Committee APPLICATIONS

Arkansas Federal Credit Union is now accepting applications for an opening on the Supervisory Committee. If you would like a volunteer application, please contact any branch manager or Jennifer Holbrook, Internal Audit Director, at 501-982-1000 ext. 275. Applications must be returned by April 15, 2003.

Holiday Closings

All AFCU branch and drive-up teller locations will be closed in observance of the following holidays:

Memorial Day Monday, May 26, 2003
Independence Day Friday, July 4, 2003

AFCU wishes you and your family a safe and happy holiday.



AFFN [®] 800-662-AFFN	pulse [®] 713-223-1400	THE EXCHANGE 800-237-ATMS
CIRRUS 800-4-CIRRUS	AMERICAN EXPRESS 800-CASH NOW	MPACT 800-52-MPACT
THE PLUS 800-THE-PLUS	Credit Union 24 877-570-2824	THE EQUALIZER 800-782-9042

The Banner is the official quarterly publication of Arkansas Federal Credit Union. Comments and suggestions should be addressed to:
Marketing Department
Arkansas Federal Credit Union
P.O. Box 9
Jacksonville, AR 72078-0009

Arkansas Federal CREDIT UNION
Arkansas' Largest Financial Cooperative

NCUA Each account is insured up to \$100,000 by the National Credit Union Administration, an agency of the federal government.	ESI Excess Share Insurance In addition to Federal Insurance, members' savings in the credit union are insured with an additional \$250,000 of coverage.	Equal Housing LENDER We do business in accordance with the Federal Fair Housing Law and the Equal Credit Opportunity Act.
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