



Love Your Car, but Not Your Car Loan?

Get a \$100 Cash Rebate or 3 Months with No Payments!

Did you get a good deal on your recent car purchase? Great! Now is your chance to get an even better deal on your car loan. If you have financed a car through another financial institution or car dealer recently, we would like to extend this special offer to you. Simply refinance your auto loan from another lender with AFCU and you can lower your interest rate, lower your monthly payment, save money over the life of the loan, and either receive a \$100 instant cash rebate or choose to delay your first payment for 3 months!

If you want to save money by cutting the cost of credit on your auto loan and reduce your monthly payment, call Arkansas Federal today at

501-982-1000 in central Arkansas or outside central Arkansas call 800-456-3000.

Don't miss this special opportunity to bring your auto loan home to your credit union, lower your auto loan payment, and lower your loan interest rate!

Tell your family and co-workers about this great opportunity. Everyone eligible for credit union membership can get the same great deal.

* This offer does not apply to vehicles already financed at AFCU. The loan term may not exceed the remaining term of the loan to be paid off, unless credit union policy for the vehicle year model allows a longer term. Only 1998 models and newer are eligible. Other restrictions may apply. Must be current on existing loan.

Here's how it works:

- AFCU will reduce your interest rate by as much as 2% below your current auto loan rate to a minimum of our current rates for the term you choose with a maximum rate of 18% APR.
- AFCU will refinance 100% of the outstanding balance on the loan you hold with another lender. (excluding leases, balloon payments, and rebuilt collateral).
- To thank you for being a member of AFCU, we will also give you the choice of delaying your first payment for 3 months or we will deposit \$100 into your Share Savings account at the time of the loan closing - it's the members choice!

To give you an idea of the money you may save here is an example:

	Current Loan	AFCU Loan
Amount Financed	\$25,000	\$25,000
Term	60 Months	60 Months
Interest Rate	8.0% APR	6.0% APR
Monthly Payment	\$503.55	\$480.92
Total paid	\$30,213.00	\$28,855.20
LOWER your monthly payment by:		\$22.63
Amount you SAVE over the life of the loan:		\$1,357.80



Credit Union Members Only



Arkansas Federal will be bringing you another Credit Union Car Sale that will take place July 11 - 20. Watch your mail for all the details. If you are thinking of buying a new car, there will not be a better time to shop! These special car sales offer special discounted pricing by participating dealers and special interest rate auto loans for qualified members who purchase a new or used auto from dealers participating in the sale. This year Arkansas Federal is offering 4.9% APR financing for 60 months PLUS 5 months before the first payment is due and an instant AFCU cash rebate of \$100 deposited directly into your Share Savings Account.

Call early to get pre-approved!

SAFE DEPOSIT BOXES NOW AVAILABLE AT WEST LITTLE ROCK BRANCH

Safe deposit boxes are now available at our new West Little Rock branch located at 1221 South Shackleford Road.



Arkansas Federal Credit Union is **HERE TO SERVE YOU**

From the desk of H. C. Klein, *President/CEO*



From our humble beginning in 1956, when the personnel on Little Rock Air Force Base founded Little Rock Air Force Base Federal Credit Union, Arkansas Federal has grown into the largest credit union in Arkansas. We now have 58,000 members, 8 branch offices, 16 ATMs, and total assets of \$350 million. The credit union offers a full range of deposit, lending, and investment products with access through its branches, ATM network, telephone branch, Internet branch, and over 1,000 service center locations in 39 states and 6 foreign countries that provide service to our members.

The primary driving force behind Arkansas Federal's success is exactly what it was 47 years ago. Arkansas Federal remains a not-for-profit, financial cooperative that exists to meet the financial needs of its membership. The members are the owners of the credit union. They elect fellow members who volunteer to serve on the Board of Directors. The Board then establishes policies that are implemented by the management and staff.

This ownership structure is a major factor in Arkansas Federal's ability to offer favorably priced products and services. Without a separate group of stockholders or private owners demanding a high return on their investments, all net income is given back to the membership directly or set aside for reserves. When the Board of Directors makes decisions as to interest rates, fees, or services, their goal is not to maximize the return to outside owners. It is always to do what is best for the entire membership.

Arkansas Federal remains committed to providing low cost and convenient services while addressing the financial needs of its members. That is quite simply what should be expected from a member-owned cooperative. 🍷

Arkansas Federal Member Wins Big in carsale.com Giveaway

On May 22, Arkansas Federal President/CEO, H. C. Klein, and Vice President of Marketing, Rodney Showmar presented a check for \$1,000 to United States Postal Service employee, Stephen Dillon.

Stephen submitted an entry online for the giveaway while visiting www.CarSale.com, the nation's premier car-buying web site and call center, and was chosen from more than 600 entries to receive the \$1,000 awarded for the month of April.

CarSale.com is continuing the contest through the summer with \$1,000 to be awarded each month to one lucky credit union member who submits and entry on the web site.

The CarSale.com web site has features which enable the member to search for a new or used vehicle, check current rebates, compare new car models side by side, find a car based on their ideal monthly payment, and much more. CarSale.com representatives are available toll-free at 1-800-OK-4-CARS for those members who prefer personal assistance.

Members are encouraged to visit www.CarSale.com and take advantage of its many useful car-buying tools and services that are free to members, and to attend the upcoming July 11-20 Car Sale Event that features new and used vehicles discount priced at participating area dealerships.

Don't forget to submit an entry to win \$1,000 from CarSale.com. 🍷



H. C. Klein, Arkansas Federal President/CEO, Stephen Dillon, and Rodney Showmar, Vice President of Marketing

Children's Miracle Network



Arkansas Federal would like to thank everyone who contributed to the Children's Miracle Network campaign "Credit Union for Kids" at Arkansas Federal Credit Union. With the help of our members and employees, we raised \$11,500. Arkansas Federal then matched dollar-for-dollar what our employees and members contributed. This enabled us to present a check to CMN for \$23,000.

The money donated will benefit Arkansas Children's Hospital through the Children's Miracle Network. The check was presented on behalf of Arkansas Federal Credit Union at the Children's Miracle Network Telethon on June 1st. Once again, thanks for your support for this truly worthy cause. 🍷

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RATE WATCH

SAVINGS RATES

Share Savings	1.25%
Special Savings	1.25%
I.R.A. Savings	1.25%
Money Market	1.03%
91-day Certificate/IRA	1.25%
91-day Jumbo Certificate	1.30%
182-day Certificate/IRA	1.50%
182-day Jumbo Certificate	1.55%
1-year Certificate/IRA	1.75%
2-year Certificate/IRA	2.35%

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

New Car/Truck/Van		APR
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%

Used Car/Truck/Van		APR
Current & 1-Year-Old Models		
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%

Used Car/Truck/Van		APR
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%

Home Equity Loans		APR
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

FHA/VA	Rate	Points
30 Year	4.875%	0.250%
30 Year	5.000%	0.000%
Sample APR		5.269%
15 Year	4.000%	2.500%
15 Year	4.500%	0.000%
Sample APR		4.958%
Conventional/Fixed Rate		Rate Points
30 Year	5.000%	0.250%
30 Year	5.125%	0.000%
Sample APR		5.214%
15 Year	4.375%	0.250%
15 Year	4.500%	0.000%
Sample APR		4.650%

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.

Scholarships Awarded to Four Arkansas Scholars

Arkansas Federal Credit Union annually awards four \$1,000 scholarships to Arkansas high school graduating seniors who display exemplary academic achievement. Each senior is awarded a \$1,000 scholarship to the state supported college or university of their choice. This years Arkansas Federal Credit Union Scholarship Award winners are:



John Gentry



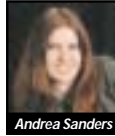
Katelin Burge

John Daniel Gentry, University of Arkansas

Katelin Ann Burge, University of Central Arkansas

Andrea Denise Sanders, Arkansas Tech University

Micah Lane Fletcher, University of Arkansas-Little Rock



Andrea Sanders



Micah Fletcher

A Message from the Members Financial Services Program



Garry Teffer

What is the MEMBERS Financial Services Program?

The MEMBERS Financial Services Program is a no-cost financial management service located at Arkansas Federal Credit Union to help members organize their financial affairs and plan for the future. Its major objective is to help members use their financial capabilities to maximum advantage in achieving their financial goals.

To make an appointment, call (501) 982-1000.



Mike Van Bokhoven

Representatives are registered through, and securities are sold through, CUNA Brokerage Services, Inc. (CBSI), member NASD/SIPC, 2000 Heritage Way, Waverly, Iowa 50677, toll-free (866) 512-6109. Insurance sold through licensed CUNA Mutual Life Insurance Company Representatives, and in New York, licensed insurance representatives of other companies. Nondeposit investment products are not federally insured, involve investment risk, may lose value and are not obligations of or guaranteed by the credit union. FR01970294LEAD (0502

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, Chairman*

Jay Simmons, *Secretary*

Don Greene, *Member*

Reginald Ford, *Member*

William Shrigley, *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*

Angela Heard, *West Little Rock Branch Manager*

Mary Johnson, *North Little Rock Branch Manager*

Deduct-A-Buck 2003

Help Increase the Credit Unions Voice In Washington



Again this year, your dollar can help support the credit union cause through strengthening our voice in Washington. Banks have been fighting to weaken credit unions and deny millions the right to join or stay in their credit union.

As a credit union member and owner, we are asking that you contribute \$1.00 a year to help fund your state and national Political Action Committees. Unlike the banks that have wealthy stockholders who contribute millions of dollars a year, credit unions rely on its members to "Deduct-A-Buck" to help ensure that the credit union voice is being heard. Your dollar will be combined with dollars from millions of other credit union members all across the country who believe that credit unions are the best place to save and get low interest loans.

Please fill out the Deduct-A-Buck authorization form and help us continue to fight for credit unions.

Please set up my Deduct-A-Buck contribution as follows: (please choose one)

- \$1.00 per year
- \$1.00 per quarter = \$4.00 per year
- \$1.00 per month = \$12.00 per year

Name: _____

Address: _____

City/State/Zip: _____

Please make the automatic deduction from my AFCU:

Share Savings Account Checking Account

Credit Union Member #: _____

Signature: _____

Date: _____

Federal election law requires the following information:

Your employer: _____

Your occupation: _____

Thank You!

Contributions to the Credit Union Legislative Action Committee (CULAC) are strictly voluntary. Contributions to federal PACs are not deductible for federal tax purposes. You have the right to refuse to contribute without any reprisal.

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.

Good Debt vs. Bad Debt

Living in debt has many negative implications. However, there is good debt and bad debt. Do you know the difference?

Good debt includes things that you need but cannot afford to pay for in full upfront. A college education, a house, or financing a car all qualify as good debt. In these instances, borrowing seems to make good sense, but only if you are certain you can afford to make the monthly loan payments.

Bad debt includes things you really do not need—and absolutely cannot afford. A quick way to fall into bad debt is to use credit cards—they carry the highest interest rates. Red flags indicating bad debt include:

- Maxing out your credit card after paying off the balance
- Paying only the minimum on your credit cards
- Failing to establish an emergency fund
- Always having to worry about money

To control your debt, identify your spending patterns and pinpoint all unnecessary expenses. Next, make a list of all your debts and the interest charged for each. Then, cut down on your discretionary spending and allocate the extra money toward your debt payments. Pay down the debt having the highest interest rate first. Once that debt is paid, put your money toward the debt with the next highest rate.

Arkansas Federal Credit Union has a service to help you reduce your bad debt. The Credit Card Debt Liquidation Report shows members how to cut years off the time required to pay off credit card debt, which can save you hundreds, even thousands, of dollars. The report provides a “road map” for paying off the debt quickly and efficiently by allocating the funds already being used for the minimum monthly payments in the most efficient method possible. Call Arkansas Federal at 982-1000 in central Arkansas or 800-456-3000 outside central Arkansas to start your trip to financial freedom from credit card debt.

MEMBERSHIP GROUP EXPANSION

Employers in today's labor market 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 Fee-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, and Touch-Tone Teller.

Several new employer groups have been added to Arkansas Federal'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!

- Arnold & Blevins Electric Co., Inc., Little Rock, Arkansas*
- Celestica Services, Little Rock, Arkansas*
- Parkview Rehabilitation & Healthcare, Little Rock, Arkansas*
- Lavender & Wyatt Systems, Inc., Little Rock, Arkansas*
- Abilities Unlimited, Little Rock, Arkansas*
- Faulkner County Board of Realtors, Conway, Arkansas*
- Comcast, Little Rock, Arkansas*
- Granite Mountain Quarries, Little Rock, Arkansas*
- City of Cabot, Cabot, Arkansas*
- Commercial Mail Services, Inc., 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.



All AFCU branch and drive-up teller locations will be closed in observance of the following holiday:
Labor Day Monday, September 2, 2003
 AFCU wishes you and your family a safe and happy holiday.
 The XPress Branch/Self Service Lobby is available at our West Little Rock and Camp Robinson branches 24 hours a day, 365 days a year.

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
- LRAFB Exchange ATM Facility**
Building 940 at Arnold Drive
- LRAFB 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

24-HOUR TOUCH TONE TELLER

501-982-AFCU (2328) or
 toll-free 800-982-AFCU (2328)

INTERNET BRANCH

www.afcu.org

E-MAIL

info@afcu.org Routing # 282075028

We also have 1021 Branch offices at Credit Union Service Center locations in 39 states and 6 foreign countries to serve you. To find a location go to www.cuservicecenters.com.



To locate the ATM closest to you, call any of the following ATM network locator numbers:

 800-662-AFFN	 713-223-1400	 800-237-ATMS
 800-4-CIRRUS	 800-CASH NOW	 800-52-MPACT
 800-THE-PLUSS	 877-570-2824	 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



Each account is insured up to \$100,000 by the National Credit Union Administration, an agency of the federal government.



In addition to Federal Insurance, members' savings in the credit union are insured with an additional \$250,000 of coverage.



We do business in accordance with the Federal Fair Housing Law and the Equal Credit Opportunity Act.

The Arkansas Federal Credit Union Banner Newsletter does not represent legal, accounting, or other professional advice. Although we try to insure the information contained is accurate, no party assumes liability for loss or damage due to dependence on this material.