MEMBER NEWSLETTER OF COMMUNITY FIRST CREDIT UNION 2ND QUARTER 2010

Community First Communicator

CEO's Report

The good news, for those who are borrowing money for homes or vehicles, is that interest rates are incredibly low. About their lowest in history. The bad news, for those with savings accounts and CDs, is that rates are incredibly low. About their lowest in history, and not likely to move much for several months.

The Federal Funds Rate, set by the Board of Governors of the Federal Reserve, is currently between zero and 0.25%. When Community First deposits Membership money at corporate financial institutions, we earn only 0.26% (not a typo, 0.26%)! That's why it doesn't make any sense to pay high rates for individual deposits at this time. It's a good way to go out of business. As stewards of this financial cooperative we will continue to make commonsensical decisions for the financial health of the owners of this institution: you.

When are deposit rates likely to rise? About the same time that loan rates rise. The economic recovery has been characterized by the Fed as "fragile." Therefore, it's unlikely to see any appreciable change in rates until well past mid-year. If unemployment stays high, we might not see the Fed touch rates until next year.

In the meantime, our low operating cost (3.14% cost-to-asset ratio) will ensure that you continue to save money on borrowing costs and fees, and still receive among the most competitive deposit rates in Sonoma County.

Todd Sheffield

Credit Unions Help Main Street USA

Just when Americans needed it most, credit dried up last year. Despite being awash with hundreds of billions in taxpayer-funded dollars to stimulate lending, banks actually decreased their loan originations in 2009. The 7.5% drop was the largest decline since 1942, when America had a World War to fund.

Meanwhile, just the opposite occurred at community credit unions. Overall lending *increased* by 7.1% in 2009. Community First, like credit unions across the nation, lived up to its mission of reinvesting in Members and the local communities it serves.

People all over the country are beginning to move their money out of the big national banks and into smaller, community-oriented financial institutions that didn't engage in the reckless investments and schemes that helped cause the financial crisis. People are realizing that a locally earned dollar deposited at a locally owned credit union is reinvested in the local community. This creates and retains jobs where YOU live. Plus, a strong local economy makes for a strong property tax base, which is the primary funding source for vital county services and local schools.

Have a friend with an account at one of the big national banks? Show them the local difference in the acclaimed "Move Your Money" video on our website.

FREE Giants Tickets, iPod, GPS Unit, Little River Inn ...

Community First is a democracy, and it's time for our ***49th Annual Member Meeting***. You will be voting on three Board and three Supervisory positions. It's also time to give away some way-cool prizes!

In one hour flat you will learn about the financial performance of your credit union during the past 12 months, and what new conveniences and services you can enjoy in the next 12 months. The festivities will start with a lively set by the fantastic Piner High School jazz band, and end with dozens of great raffle gifts for Members. With food! All in an hour!

Bring a friend, particularly if he or she uses a big national bank. We think your friend will be impressed with the Member-centric mentality of Community First.

49th Annual Member Meeting

Where: Mary Agatha Furth Center (8400 Old Redwood Hwy.) in Windsor.

Directions: From 101, take Central Windsor exit. Go east on Old Redwood ½ mile. Furth Center is at northeast corner of Alden Lane & Old Redwood -- across from Windsor Palms Center.

When: 7 to 8 p.m., Thursday, April 22

Community First CREDIT UNION

New No-Cost Equity Line

Need some money for home improvements, to pay off other bills, or maybe for college expenses? A home equity line of credit is a cost-effective way to manage needs.

Through May 31, Community First is making a home equity line of credit a *true* no-cost loan — the $500 closing fee has been waived. No escrow, processing, or title fees either. Moreover, the HELOC's rate, at 5%, gives you the ultimate rate cushion. That is because the equity line's rate is tied to the Prime rate, plus 0.50%. Prime, which has remained at 3.25% for the past 16 months, would have to go up more than 1.25% before the HELOC's rate could move upward.

Contact any of our experienced in-house loan officers to start the process, or for an analysis of your unique situation (**546-6000, ext. 3097**). We have loan offices in Guerneville, Healdsburg and Santa Rosa to make it convenient for Members.

Annual Notices

Financial rules/regulations are changing, and we have an obligation to keep you informed:

1) **Privacy Notice.** Sorry about the additional paper, but we are required to send out a Privacy Notice to the entire Membership each year. It is enclosed in this month's statement package.

2) **Funds Availability Policy Change.** On Feb. 27, 2010, the Federal Reserve transferred all check-processing operations to the Federal Reserve Bank of Cleveland. As a result, there will only be a single check-processing region for purposes of "Regulation CC" and there will no longer be any checks that are "non-local." The extended hold for non-local checks will be eliminated. Checks subject to a local hold will generally be available no later than the 2nd business day after the day of deposit.

However, funds deposited by check may be delayed for a longer period under the following circumstances: *a)* we believe a check you deposit will not be paid; *b)* you deposit checks totaling more than $5,000 on any one day; *c)* you redeposit a check that has been returned unpaid; *d)* you have overdrawn your account repeatedly in the past six months; *e)* there is an emergency, such as failure of computer or communications equipment.

We will notify you if we delay your ability to withdraw funds for any of these reasons, and we will tell you when the funds will be available. They will generally be available no later than the 7th business day after the day of your deposit. This change applies to all accounts.

3) **New Opt-In Overdraft Protection.** The Federal Reserve has announced new rules that go into effect July 1 (for new accounts) and August 15 (for existing accounts). These new rules require banks and credit unions to obtain prior "opt-in" authorization in order to charge fees associated with ATM and debit card overdraft protection programs. These opt-in rules do not apply to overdraft programs associated with checking accounts or recurring debit transactions, such as regularly scheduled bill payments. The Federal Reserve recognizes that most consumers want overdraft services to cover important bills, such as rent, utilities, and other necessary purchases. Community First will issue a more detailed explanation as we get nearer to the active date for existing accounts this summer.

TO REACH US

online banking / web site
www.comfirstcu.org

call center
707/546-6000 (8:30a – 5:30p, M-F)

Member services
info@comfirstcu.org

full-service branches

Central Santa Rosa
501 College Ave.

West Santa Rosa
70A Stony Point Rd.

loan-only offices

Central County
1105 N. Dutton Ave., Santa Rosa

West County
16215 Main St., Guerneville

North County
416 Healdsburg Ave., Healdsburg

mailing address
PO Box 6004
Santa Rosa, CA 95406-0004

locate surcharge-free ATMs
www.co-opnetwork.org

locate shared branches
www.cuswirl.com/locations

Important 2Q Dates

April 22	Annual Member Meeting
May 31	Memorial Day, closed
July 5	Independence Day (observed) closed

Community First CREDIT UNION