

CU CONNECTED

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LETTER FROM THE PRESIDENT



CHANGES EFFECT UNSECURED, CHRISTMAS, AND VACATION LOANS

I'm sure you, like so many consumers, find today's financial environment to be a strain on your household budget and monthly cash-flow. So many people are dealing with uncertainty in their jobs, their ability to save money for their future goals, and maintaining their current lifestyle. In a recent study by the National Foundation for Credit Counseling (NFCC), 64% of the consumers in the survey do not have enough cash on hand to handle a \$1,000 emergency expense. 9% of those said they would have to take out a loan to cover this emergency. Unsecured debt for consumers has been and continues to be a problem for many people. Compounding this problem are the pay-day lenders and 'car title' lenders who prey on people's cash-flow shortfalls and these emergency circumstances.

As is the credit union's mission to be the trusted partner in each member's financial life, SPCO Credit Union has worked with those members who are saddled with high levels of unsecured credit to create repayment strategies that have enabled them to return to financial health much sooner. This includes loans made to members by SPCO CU and 'outside credit' from other financial institutions or credit card companies. Unsecured loans invariably are the loans to which the highest interest rates are tied and therefore the most difficult and expensive to pay back.

Through existing unsecured loan programs at SPCO CU, including Unsecured Signature Loans, Vacation Loans, Christmas Loans, and MasterCard credit cards, members have had a variety of alternatives at their disposal. However, in many cases, these same programs have enabled members to extend their level of unsecured debt to levels that are unsustainable in the long term.

As a result of our studies and research on these unsecured loan programs we believe that a change is in order. Under new policies approved by the SPCO CU Board of Directors, our unsecured lending program will offer two types of 'unsecured credit' available to any member/borrower. The first type will be referred to as an "Unsecured Loan" with limits of credit based on the Credit Score, sometimes referred to as the FICO or Beacon score, earned by the applicant. The second type of unsecured credit available will be through our MasterCard credit card program. The same criteria for approval, limit, and rate will apply using credit bureau data.

To coincide with these new policies, effective immediately the "Christmas Loan" product and "Vacation Loan" product are now discontinued. However, this means you will no longer have to wait for the 'seasonal' loan promotions beginning in November and June. New 'unsecured' loan and or MasterCard applications may be submitted at anytime. We understand that this is a significant change for many of our members. As with any change, a great deal of thought and consideration was given to this matter. Your credit union's leadership team and Board of Directors believe this is the right course of action for both our members and the credit union. Your understanding and ongoing cooperation is truly appreciated.

Tim Adams
President/CEO
SPCO CU

PREPARE BEFORE YOU SHOP TO GET THE BEST CAR DEAL

If getting a good deal is important to you, it's critical to prepare for all aspects of a vehicle purchase before you even begin to shop. Otherwise you're likely to pay too much.

The first step in preparing is to figure out exactly what kind of vehicle you want. Ask yourself how big it needs to be, whom and what you'll be transporting, and how important fuel economy and various safety features are to you.

Also consider what extras you want. If you've decided beforehand what features you need, you're less likely to get talked into adding others.

There are numerous publications and online resources available to help you decide what car best suits you. For example, Edmunds' buyers' guides (edmunds.com), Consumer Reports (consumerreports.org), the Kelley Blue Book (kbb.com), and J.D. Power and Associates (jdpower.com) all include vehicle descriptions, ratings, reviews, comparisons, and other useful information.

It's also important to know what monthly payment amount fits your budget. As a rule of thumb, your total monthly car payments—for

all vehicles you own—shouldn't exceed 20% of your monthly take-home pay.

Most importantly, "You need to know how much your desired vehicle is selling for in your area. It might be quite different from other markets. One source for this information is Edmund's True Market Value Pricing page (edmunds.com/products/tmv).

If you plan to finance your purchase, get preapproved for a low-interest loan at SPCO CU before you shop. Then, with financing in hand, you can negotiate on a cash basis with dealers.

Lastly, find out what your existing car is worth so you don't accept an excessively low trade-in offer.

Then, visit a number of dealerships and see what they'll do for you. The more information you walk in with, the better deal you'll walk out with."

Call us today for all your auto financing needs.



CHRISTMAS CLUB ACCOUNTS SPREAD CHEER TO SANTA'S SAVERS

Do the holidays leave you wincing from the credit card bill long after the holiday euphoria has worn off? If so, we're here to help.

A Christmas Club account lets you save for holiday spending in advance rather than relying on credit cards at the last minute. You even can arrange to have the money deducted directly from your paycheck, making saving as painless as possible.

Knowing that you'll have the money to pay for the holidays will put the cheer back into this year's gift giving.



SHARPEN YOUR SAVINGS SKILLS

Learning to save money takes practice. By saving, you can put your money toward whatever is important to you—whether that's a new video game, a trip to the movies, or even a college education.

Let's get started:

Elementary school:

- Ask your parents to help you open your own savings account at the credit union. Keep track of how much money you put in and take out to see how close you are to meeting your savings goal.
- If you're saving up for something special, like a new bike or toy, hang a picture of it on the wall. This will remind you of your savings goal every day until you reach it.

Middle school:

- Ask your parents if you can plan a family event, like a trip to the zoo or an afternoon at a waterpark. List all the things that will cost money, like tickets, food, and souvenirs. Set a budget, and encourage everyone to stick to it when the big day arrives.
- Make a list of things you want to spend your money on. Put the list in order, starting with the things you want the most. This will help you figure out what you really want to save for.

High school:

- Consider taking a part-time job. Earning your own money can help you save for big goals, like college expenses.
- Talk to your parents about opening a checking account at the credit union. Learning how to use a debit card responsibly and balance your checkbook is good money-management practice.

Stop into SPCO CU for more great savings ideas.

SPCO'S MASTERCARD - 10.9% TO 12.9% FIXED RATE!

YES, IT STILL MAKES SENSE TO BUY A HOUSE

If you bought a house in the early 1980s, you likely can't believe how low home loan rates are today. Federal Reserve records indicate the 30-year fixed rate was an astonishing 18.45% in October of 1981. Few borrowers took mortgages at that high rate, yet the average contract rate in November of 1981 was 15.8%. Those double-digit interest rates made home loans extremely expensive, and risky, 30 years ago.

The picture today is radically different, with home loan rates less than 5%—where they have been for many months. And, in another plus for house hunters, there are many houses for sale—meaning it is a buyer's market.

The weak economy understandably leaves some prospective homeowners reluctant to make such a big financial commitment. Some analysts even have gone so far as to question the desirability of owning a home anymore. They suggest that, since houses are not appreciating as they were four or five years ago, the investment is no longer prudent.

That's a short-sighted viewpoint. There still are many very sound reasons to buy a house:

- **Homes are affordable.** Prices have come down about 30% from their peak, according to Standard & Poor's Case-Shiller Index, which tracks home prices in 20 big cities. Values have come down about 20% in some areas and as much as 50% in particularly hard-hit communities.
- **Home inventory is high.** This means you can buy more house now than you could have at the peak of the housing market a few years ago. You have considerable leverage to negotiate the price of a house for sale.
- **Home loan rates are at historic lows.** Again, this makes it possible to buy more house. Consider a home loan of \$120,000. At a 5% annual percentage rate (APR) on a 30-year mortgage, your monthly payment is \$644. The same loan at a 6.5% APR would come to \$758 a month.

- **You still qualify for a tax break on interest payments.** While this benefit alone is not a good reason to buy a house, it does sweeten the arrangement if you itemize deductions.
- **You'll own it.** You can design it, remodel it, and paint it any dang color you choose. You never have that freedom in a rental.
- **It's forced savings.** You'll build equity, even if more slowly than in the past, in a house you own; rent money is just...well...gone.



The combo of low loan rates and low home prices is too good to pass up. Even with the holidays approaching, you may find people willing to deal before the end of the year. If you're ready to explore your housing options, talk to our loan officer. We'll help you clear up the mixed messages about home owning and can even prequalify you for a mortgage. That way, you'll know exactly what neighborhood to start shopping in.

WINTER SPECIAL – SKIP YOUR LOAN PAYMENT



Here's How It Works: Members with loans may skip their November or December payments! The interest will accrue and the repayment term will be extended. All terms and conditions of the credit agreement still apply. There is no penalty for skipping the payment(s).

If you have questions, please call the loan department at (713) 445-8586.

Qualifications: To be eligible to skip a payment, your account must be current and payment made within 30 days. Deferments will not be permitted on real estate or share secured. Other restrictions may apply. One offer per member. Not valid if you received another skip-a-payment. Offer valid through December 30, 2011 at 2:00 pm. Not valid if received after this date.

THINK TWICE ABOUT ACCEPTING STORE CREDIT CARDS

Limited acceptance is one strike against store cards. One or two retail cards can be handy if you're trying to establish your credit history but, for the most part, you're better off saying "no thanks" when a clerk offers you 15% off your store purchase if you sign up for the retailer's card. Here's why:

- You could jeopardize a carefully built credit reputation for a fleeting benefit. In general, you want to minimize credit inquiries; they show up on your credit history for 12 months after they're made.

Credit score evaluations view store card carriers as somewhat riskier, so inquiries nick your score. A trip through the mall, accepting retail cards at several stops, could hit your score by 60 points or more; that can do serious damage to your ability to borrow at a reasonable cost in the near future. Do you really want to save \$30 today—and next year end up with a monthly mortgage payment \$150 or more higher than it might have been?

- If you revolve a balance, you're paying in the range of 20% interest or more for the privilege of saving on today's purchase. That's no bargain. You often can reap many of the promotion and sale benefits of a retail card just by signing up for the store's e-mail newsletter.
- Retail cards typically feature low credit limits and limited acceptance. As we've seen, you can't use a store card to pay off a speeding ticket—or tuition for your college student, or a visit to the dentist or emergency room.

You might think a low credit limit isn't an issue if you keep your charges within the limit. But there's a broader issue—your credit score includes a significant segment based on how much of your available credit you use. If that credit limit is low, your proportion of credit in use will be higher, and that reduces your credit score.

Speedy financial decisions are rarely the best decisions. Sleep on that store card offer. You may be much better off using a credit union credit card, accepted everywhere, or a short-term credit union personal loan. Our loan officer can help you size up your options.

STAFF

Tim Adams

CEO

Norma Garcia

Senior Vice President, Operations

Larry Hudson

Senior Vice President and Administrative Officer

Phone Number: 713.455.8586

Fax Number: 713.455.8588

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HOLIDAYS AHEAD

The Credit Union will be closed in observance of the following:

Columbus Day

Monday, October 10

Veterans' Day

Friday, November 11

Thanksgiving

Thursday, November 24

Friday, November 25

Christmas Day

Monday, December 26

OUR CURRENT LOAN RATES

Loan Type	Max Term	APR*
Signature	48 Months	9.50%
New Auto	72 Months	4.49%
Used Auto	60 Months	3.99%

*Annual Percentage Rate. Rates shown are *as low as*. All loans subject to credit approval.



5,159⁰⁰ x 3

ULTIMATE TAILGATE

→ USED AUTO SALES EVENT

SPCO Credit Union Members:

Receive a \$500 gift card!

Plus, get rates as low as 2.74% APR!²

Upon used vehicle purchase from Enterprise Car Sales.

Two Days Only! Saturday, October 15 & 22

9 a.m. – 5 p.m.

Visit us at Enterprise Car Sales

Houston..... 17724 Northwest Fwy..... 713-937-7089

Houston..... 14900 Gulf Frey..... 281-922-8870

SPCO

Credit Union

car sales

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hassle-free buying. Worry-free ownership.

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