

NOTES

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- Financial Snapshot



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How to Deal With Mortgage Mayhem

The reports in the news media about the mortgage crisis are overwhelming and the number of homeowners reportedly facing mortgage problems are staggering. The Detroit area is among the hardest hit due to our local economic challenges that have caused people to lose jobs and home values to depreciate.

According to media reports, the “tsunami,” as some have called the mortgage situation, hasn’t even hit shore yet. As the *Wall Street Journal* reports, in 2008, \$362 billion worth of adjustable-rate subprime mortgages are scheduled to reset. Is yours one of them?

So what should you do if you have a balloon mortgage that’s due or an adjustable rate mortgage (ARM) that is about to reset and you’re concerned about making your payment? Here are some suggestions from the mortgage experts at DFCU Financial.

Know the Terms of Your Mortgage

Many people have reported that they had no idea when their adjustable rate mortgage was

going to increase and by how much. Others felt forced into a quick decision, and therefore were not aware of all the terms and conditions of their loan. And there are those who were lured into mortgages with “teaser” rates only to find their monthly payment will increase dramatically.

Each of these situations has one thing in common—borrowers were not aware of the terms of their loans. In fact, *The Detroit News* recently reported that more than one-third of homeowners had no idea what kind of mortgage they had.

Find a Mortgage Representative You Can Trust

“There are many lessons to be learned from the whole mortgage debacle, and one is that not all mortgage lenders are alike,” said Mike Kruczek, chief lending officer, DFCU Financial. “As many homeowners are beginning to learn, some lenders can be unscrupulous, which can cost you your home. It’s a tough way to learn the lesson that it does matter where you get your mortgage.”

There’s a lot more to a mortgage than the interest rate,



yet many people now find themselves with a payment they cannot afford because of attractive teaser interest rates.

When seeking a mortgage representative, it’s important to find out the following:

- Will the servicing of my loan (to whom you make your payments) be sold?
- Does the lender have a local office that understands our particular challenges?
- Does the loan officer have references?

DFCU Financial has a full-service Mortgage department that

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The 2007 Patronage Dividend

The week of January 7, DFCU Financial will be depositing into members’ accounts the annual patronage dividend. Both the 2006 and 2007 dividends represent the largest in the history of the credit union industry and total more than \$34 million.

To be eligible for the dividend, you must have been a member of record as of October 22, 2007, and also on the payment date the week of

January 7, 2008. This is how the dividend was calculated: members will receive a 0.5% dividend on all 2007 average loan and deposit balances. In addition, your average balance must have been at least \$50 or more during 2007. Eligible members will receive at least \$50.

For consistency purposes, the dividend will be

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President's NOTE:



Mark Shobe
President and CEO
DFCU Financial

Another Year; Another Patronage Dividend

This month, for the second consecutive year, DFCU Financial will be distributing to members an annual special patronage dividend in excess of \$17 million. Both the 2006 and 2007 dividends represent the largest in the history of the credit union industry.

We are proud that DFCU Financial is in the position to issue a dividend again this year. Last year, we received an overwhelming number of responses from members

who told us how much they appreciated the dividend, especially during these economically challenging times.

In fact, DFCU Financial has invested more than \$50 million in southeastern Michigan since 2003. It is due to your confidence and loyalty as DFCU Financial members that we are able to issue this dividend. Further, we continue to provide other benefits and services as well, such as new branches for added convenience, payment- and interest-free loans through the Career Transition Program, low fees, and free credit and budget counseling.

It is the intent of the DFCU

Financial Board of Directors to issue a dividend every year, though there is no guarantee. The dividend criteria may be modified from year to year since it is designed to thank you for the relationship you have with us and for choosing DFCU Financial as your primary financial institution. Therefore, the more business you have with DFCU Financial, the greater your annual dividend.

Here's an example of how it works: A member with an average deposit balance of \$10,000 and an average loan balance (including mortgage loan) of \$150,000 (\$160,000 total balance) would receive an \$800 patronage dividend. Now

that sure helps pay off some holiday bills.

And here's another way to think about the patronage dividend. Everyone who received the dividend paid 0.5% less on their loans and earned 0.5% more on their deposits for each of the past two years—all while still experiencing extremely low fees and outstanding service.

We hope you find that the benefits of membership at DFCU Financial are many. The special patronage dividend is just one way DFCU Financial strives to make a positive impact on your life and the communities we serve. Thank you for your loyal membership.

Time to Take Your Financial Snapshot

When a new year begins, we often contemplate what we can do today to make it the best year yet. When the topic is investments, January is an excellent time to plan for the year ahead. Here are a few suggestions:

Take a "financial snapshot" of where you stand today. You can refer to this as your Personal Statement of Financial Position. Make a list of all your assets, and another of all your debts, attributing an accurate value to each item. The difference between the two lists is your current net worth.

Compare your 2007 net worth with your 2006 net worth, and hold on to this statement to compare to 2008. How did you do? Are you holding assets that are performing up to benchmark averages, like the S and P 500 index, for your stocks or mutual funds? Or the national money market averages for your savings products?

You've worked hard to earn and save your money. Now it's important your money is working just as hard for you. Work with an advisor to identify underperforming assets, or debt that could be paid off or refinanced to your benefit, and make the changes accordingly.

Evaluate your IRAs. Are you benefiting from IRS tax advantages through investments in a Roth IRA*, or saving for your children's or grandchildren's education through a 529 plan? Both allow for tax-free withdrawals on your earnings and principle. Over a period of years, the benefit provided versus taxable saving toward the same goal can be dramatic.

Make your Regular or Roth IRA contributions as soon as the IRS allows. By making your 2008 IRA contribution in January of 2008, instead of waiting until the April 2009 deadline, you can enjoy up to

15 months of earnings not subject to current taxation, thereby decreasing your 2008 tax liability*. Again, over a period of many years of following this practice, the net financial benefit can be significant.

Rebalance your financial assets to maintain proper diversification. Diversification is fundamentally important in adding an element of safety to investing. As market performance changes over time, and your investment time horizon shortens, it is important to maintain a proper allocation of your financial assets.

For example, let's say at age 50 you feel an allocation of 50% stocks, 30% bonds and 20% cash is appropriate. However, if over a period of time you find the stock market has risen 30%, you may find you are now holding 65% stocks, 20% bonds and 15% cash. It may be wise to "reallocate" your holdings to maintain



your original diversification and realize your gains.

Many investors overlook this strategy, particularly with their 401(k) plan. An annual review with an experienced financial advisor can be valuable in this regard and there's no time like the present.

To meet with a financial consultant at DFCU Financial, visit one of our 12 branches, or call 313.336.2700, or 888.336.2700 outside the local area. DFCU Financial provides securities and investment services through CUSO Financial Services, LP, (member FIRNA and SIPC).

*Consult your tax advisor.

Mortgage Mayhem continued from page 1

handles every aspect of the mortgage process—from the application to processing, approval, closing and servicing your loan until it is paid. “We’re local, we know the area and we’ll guide you through the process,” Kruczek said. “So if you have questions about your payment or any other aspect of your mortgage, we are here to serve you.”

Call First and Call Early

“If you are currently having a mortgage issue, or expect to have problems, the best thing to do is

call a trusted mortgage representative as soon as possible,”

Kruczek said. “It’s better to call the lender first, than to have the collections department call you. Plus, lenders don’t want to own your home, so they will try to help to the best of their ability.”

In addition, if you find out you have a balloon mortgage or an adjustable rate mortgage (ARM) that is going to reset, don’t wait a month before the loan adjusts to call a mortgage representative to

see what you can do—the earlier you call, the better.

DFCU Financial loan officers have begun a calling campaign to all members who have adjustable-rate mortgages with DFCU Financial that will reset in 2008. Reset means to change interest rates, which will result in a change in the monthly payment. The problem is that interest rates are resetting higher and therefore, monthly mortgage payments are higher, which some home-

owners can’t afford.

“We want to remind members that their mortgages will reset and to invite them in to discuss the mortgage and their financial situation,” Kruczek said. “The best way to help our members is to proactively find out their situations and go from there.

“And if you have a mortgage that is going to reset but it is with another lender, give us a call,” Kruczek said. It’s worth a second opinion.”

Educate Yourself

As a community service, DFCU Financial will be presenting the following seminar:

Mortgage Options and Answers
Laurel Manor Banquet & Conference Center
39000 Schoolcraft Rd.
Livonia, MI 48150
Saturday, Feb. 23, 2008, at 1:00 p.m.

The seminar is free and open to the public. Mortgage loan officers and members of DFCU Financial’s full-service Mortgage department will be on hand to discuss:

- The terms of your loan
- Changes in underwriting guidelines and market conditions that could affect you

- The importance of doing business with a trusted advisor
- Possible refinancing opportunities

Reservations are required for the seminar. To reserve your seat, please call 313.322.8394.

If you cannot attend the seminar, but would like to meet with a mortgage loan officer, call or stop by one of our branches to find out how to obtain a better home financing situation, or what mortgage products DFCU Financial has available that may fit your needs. We offer a range of options including fixed and adjustable rate products, balloon product and more.

For more information, please visit www.dfcufinancial.com, or call 800.739.2770 to set up an appointment with one of our loan officers (below).



Lori Giorgi
Fairlane,
Greenfield



Wendy Hewitt
Garden City,
Canton,
Visteon Village



Joann King
Oakwood-Beech,
Oakwood-
Southfield



Teri McDaniel
Riverview,
Madison Heights



Erica Snyder
Henry Ford
Hospital



Joe Zabinski
Livonia,
Commerce Twp.

Patronage Dividend continued from page 1

deposited in savings accounts only. If you do not have a savings account, the dividend will be deposited into one of your other deposit accounts in the following order: special savings, holiday

savings, checking, IMMA, certificate or IRA savings.

If you have more than one savings account, the dividend will be deposited into the account with the lowest

account number. Please note that you can transfer the dividend to another account once it has been deposited.

The patronage dividend will add to your interest income and

will be included on your 2008 1099-INT that you will receive in January 2009. For more information about the special patronage dividend, please visit www.dfcufinancial.com.

Miscellaneous NOTES:

Annual Membership Meeting

The DFCU Financial Federal Credit Union Annual Membership Meeting will be held on Thursday, February 7, 2008, at The Ritz-Carlton Hotel in Dearborn. Light refreshments will be served beginning at 6:15 p.m. with the business meeting and election of directors starting at 7 p.m. Admission to the Annual Membership Meeting is free and open to all members. Please call 313.322.8222 or 888.336.2700, extension 8222, to reserve your seat. All reservations must be received by Feb. 4, 2008.

Gift Cards Now Available

Due to numerous member requests, DFCU Financial is happy to announce that Visa® Gift Cards are now available. These are new prepaid Visa® cards that make great gifts and can be purchased in any amount between \$25 and \$500. The Visa® Gift Card is an instant issued, non-reloadable prepaid card that lets you shop at millions of locations throughout the world where Visa® is accepted. To purchase a gift card, visit your nearest DFCU Financial branch.

Upcoming Free Seminars

This winter, DFCU Financial is offering a number of free educational seminars for adults and teens. Please check www.dfcufinancial.com for dates, locations and times.

Please Note:

The following was disclosed to you at account opening, as part of your account terms and conditions: Inactive Accounts (Accounts with no withdrawals or deposits within a one-year period) may be subject to an Inactive Account Fee. In some instances, we may waive the fee if you have other active accounts. We have no liability if Your Account becomes dormant and is therefore subject to escheatment in accordance with state and/or federal law.

Holiday Hours

All DFCU Financial branch offices will be closed in observance of the following holidays:

- Martin Luther King, Jr. Day, Monday, January 21
- Presidents' Day, Monday, February 18

In addition, please note that all DFCU Financial branch offices will close at 5 p.m. Thursday, January 17. The Henry Ford Hospital and Visteon branches will close at their normal time of 4 p.m. on this day.

Members Save With **TurboTax** ONLINE

January is the start of tax season. And this year, members have two options through DFCU Financial when filing their taxes. Members who have simple tax returns to file can choose to use the TurboTax® Free Edition, which includes a free federal eFile (additional fees apply to eFile your state return). Those who itemize, have more complicated returns or who also want to eFile their state return, receive 15% off other TurboTax® product offerings. For more information, click on the TurboTax® link from the DFCU Financial homepage at www.dfcufinancial.com.



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BRANCH OFFICES

FAIRLANE BRANCH
400 Town Center Drive, Dearborn

CANTON BRANCH
1477 N. Canton Center Road, Canton

COMMERCE BRANCH
2765 Commerce Crossing Road
(next to M-5), Commerce Township

GARDEN CITY BRANCH
7075 Merriman Road, Garden City

GREENFIELD BRANCH
15400 N. Commerce Drive, Dearborn

HENRY FORD HOSPITAL BRANCH
2799 West Grand Boulevard, Detroit

LIVONIA BRANCH
37373 Seven Mile Road, Livonia

MADISON HEIGHTS BRANCH
600 East 14 Mile Road, Madison Heights

OAKWOOD-BEECH BRANCH
21551 Oakwood Boulevard, Dearborn

OAKWOOD-SOUTHFIELD BRANCH
17600 Oakwood Boulevard, Dearborn

RIVERVIEW BRANCH
18070 Fort Street, Riverview

VISTEON VILLAGE BRANCH
40300 Tyler Rd, 37 Main Street Visteon Village
Van Buren Township

NCUA

Your savings are federally insured to at least \$100,000 and backed by the full faith and credit of the United States Government. National Credit Union Administration, a U.S. Government Agency.



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