



Permaculture Credit Union NEWSLETTER

Established: May 18, 2000

October 2006

Message from the President

During the past year we have started to realize our goal of becoming a self-sustaining financial organization. This would not have been realized without the commitment of our members, staff, volunteers, board of directors, and the many organizations committed to our cause. This strong commitment has enabled us to increase our net income and puts us in position to realize more opportunities, offer a wider array of services and continue to make loans for the alternative sustainable lifestyle that our members want. We are committed to listening to our members and

Permaculture Credit Union Mission Statement

The Permaculture Credit Union pools the financial resources of people who believe in the ethics of Permaculture — care of the earth, care of people, and reinvestment of surplus for the betterment of both. We apply those resources to earth-friendly and socially responsible loans and investments.

changing the way things have always been done to doing them in a more sustainable fashion.

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hills outside the city of Santa Fe. The house relies primarily on passive solar and thermal mass for its heat. It is basically a semi-circle, with the curved front of the house built of glass. The floor is concrete and acts as a heat sink. Shade sails on the front of the

Fixed Up with a Fixed Rate

Fixed-Rate Mortgage -- New Service Offered by PCU

by Susan Coulter

When member, Jeff Maul, began designing and building his home in Santa Fe County, he had no idea how difficult it was going to be to get a fixed-rate mortgage on that home. The institution that provided Jeff the construction loan told him to come back when the construction was complete, and they would convert that loan into a mortgage. When Jeff approached them after the home was built, however, they refused. They would not offer him a mortgage. Why? The home was 'too unusual'. It is a small, ~800 square foot, home built on the southwestern slope of the

house allow Jeff to adjust the amount of sun exposure. He also has a wood stove – for unusually cold nights.

On the day in January when



my husband and I first visited the house, it was toasty warm. In fact, he was struggling with adjusting the shades enough to keep the house from getting too warm. It is a modern-looking single room home with movable walls to provide privacy for the bedroom and bathroom areas. The construction is very simple, and the appearance elegant. Jeff and an architect friend designed and built the house over a four year period.

After being refused by his original financial institution, he contacted a few others – with the same result. They either refused to provide financing, or offered

an unacceptably high interest rate. Over dinner one evening Jeff told us of his troubles. I suggested he contact the PCU.

His home and his ethics were a good fit, and the PCU had recently partnered with another institution to provide fixed-rate home mortgages. The PCU currently has no policies approved for processing fixed-rate 1st mortgages.

Jeff contacted and joined the PCU. Our partner institution, PHH, took over from that point. Jeff has said that the mortgage came through 'in spite of him'. He is very busy as a local small business owner – and often had very little time and patience during phone calls. PHH handled everything. They seemed unfazed when he could not even tell them the mailing address of the home they were getting ready to finance. (He was not living there yet, as he had only recently finished it.) He received a packet in the mail, filled it out, and a few weeks later the mortgage was approved. The story of Jeff Maul is an example of the PCU partnering with another institution to

Continued on page 2.

ATTENTION:

YOUR QUARTER END,
SEPTEMBER 30, 2006,
STATEMENT IS YOUR
ACCOUNT VERIFICATION
NOTICE. IF ANY ERRORS
SHOULD APPEAR, NOTIFY
YOUR SUPERVISORY
COMMITTEE BY WRITING

TO:

PCU
SUPERVISORY COMMITTEE
P.O. BOX 28031
SANTA FE, NM 87592

PRINCIPLED PEOPLE

What defines us as a credit union is not where we work or live, but the principles we hold in common. Tell us a story or give us an example of how you have implemented the principles of Permaculture in your decisions and your plans.

We will print some of your stories in subsequent newsletters. Photos are welcome. Send everything to: perma@pcuonline.org.

Subject to read:

Attention Newsletter Editor.

Fixed Up with a Fixed Rate

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provide financing and services for innovative people building sustainable structures.

This program depends on many factors. It may not always work for all projects. Please contact the PCU so our Mortgage Department can listen and explain to you which program will be best suited for your situation. For more details call 1-866-954-3479 and ask to be directed to the Mortgage Department.

Please note that the caring members of the PCU, along with a few financial organizations, are the ones who fund our sustainable mortgage program. Our policy is to commit 65% of our members' deposits to our sustainable mortgage

program. We also have two New Mexico credit unions who have invested in this program and, as of September 15, 2006, RSF, a social finance

organization, based in San Francisco, California, has joined as an investor as well. This combined effort has resulted in our current mortgage portfolio - 48 loans totaling \$2,503,043.48 as of September 30, 2006. The Permaculture Credit Union share of that portfolio is \$1,340,204.38. So we have a special thank you to

everyone involved in providing this important resource and creating a large impact on the way the financial world looks at sustainable mortgage lending.

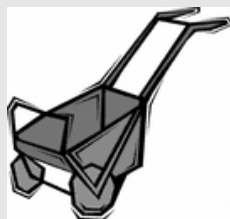


Permaculture Intensive Course Offering

The Permaculture Credit Union is sponsoring a two-day Permaculture Intensive Course on the weekend of November 11 and 12 at Ecoversity in Santa Fe, NM for PCU members, board, volunteers, and staff. Scott Pittman will share his knowledge and considerable teaching talent for the reduced rate of \$50 for the weekend. Scott is an internationally known and respected teacher who has worked and taught with Bill

Mollison and has been actively practicing permaculture for many years. He will provide an overview of permaculture and take your questions. The purpose of this course is to provide intensive exposure to the principles and practice of permaculture for those who haven't had the opportunity to attend a full design course. Classes will be held from 9AM to 5PM on both days with a 2-hour lunch break. Restaurants are nearby, or you can bring a lunch. The classroom size will allow a maximum of 40 students to attend; registration will be limited on a first come-first served basis. Please call the PCU office in Santa

Fe at 954-3479 (or toll free 1-866-954-3479) for details and to reserve your place in the course.



Message from the President, continued from page 1

When I listen to people talk I hear the need for change. We pay attention to these concerns and will implement them in our operations as we can afford to in a sustainable fashion. In order to proceed, we need to have everyone's support. What I hear from our members is that they want a financial institution that is in line with their values. So we have made that a priority when we write policies that govern our actions. For example, we watch where we invest our surplus deposits, give discounts on loans to members taking the next step on reducing their dependency from consumption, purchase recycled materials to produce our documents, and recycle as much of our office waste as possible.

We would not be able to operate at this level if it weren't for our members, who have moved their money out of the mainstream financial services industry to the Permaculture Credit Union. Since our inception we have given back \$145,349.50 in the form of dividends to our members even when the credit union was operating at a net loss. Going forward we are committed to returning 10% to 20% of our gross income back to our members. We feel this is a responsible and sustainable model to follow. If we tried to pay what everyone else was paying without being able to truly afford it, this would be unsustainable. This is why we pay the current rates that we pay, and why, over the past three years, we have become self-sustaining and not dependent on

donations. We will continue to review our income and expenses and as we strengthen our net income we will give more and more of our surplus income back to our members either in the form of dividends, added services or lower fees on services provided.

Here are some highlights of things we have accomplished:

First, our 865 members have diverted \$2,546,417.38 in deposit from the current financial system to their credit union. This is a great accomplishment, and I would encourage you to continue to divert your surplus funds to your account on a regular basis. Every deposit strengthens our operations and makes it possible to return more dividends to you, our members. Be sure to watch the bottom of page three of our newsletter so you know our current goal amount for total assets.

Next, since the inception of our credit union, we have produced 333 loans totaling \$5,852,771.30. In all that time, only two loans, in the amount of \$3,066.77, have been charged off. If we can continue this trend, we may be able to lower our loan rates because of the non-existence of loan losses. Furthermore, our members have chosen to bring us their loans, knowing that their interest payments support their own credit union.

This year we started a guaranteed student loan program to help students divert their student loans to a financial institution that is in line with their values. We also introduced origination of

automatic clearinghouse transactions (ACH's). This has helped us and our members reduce our cost in paper and postage.

We have partnered with other financial organizations to help meet the strong demand for real estate loans. These lending partnerships alone have allowed us to service \$3,251,245 in real estate loans with only \$2,652,923.79 in total assets. They have also helped our sustainable real estate loan portfolio create a viable secondary market for sustainable mortgages. We hope it will push lenders to view alternatively constructed homes as an acceptable loan instead of as a loan exception.

We will continue to find ways to streamline our operations over the next year. Some of our goals include moving part-time staff to full-time status, changing our official office hours from 10:00 to 2:00 to 10:00 to 5:00, working on policies and procedures to make our services more in line with our member expectations, and redeveloping our website and newsletter as vehicles to communicate with our members on their credit union's next stage of evolution. We hope you will continue to support your credit union and help us nurture it to the day we can share a greater harvest. Once again thank you for your continued support.

Sincerely,
Donald J. Sarich
President/CEO

Financials:	July '06	Aug. '06	Sept. '06	Financial Goals
<i>(All numbers are Year-to-Date totals)</i>				for 3rd Quarter 2006
Loans	\$2,308,256	\$2,297,270	\$2,088,406	\$2,185,192
Total Assets	\$2,764,981	\$2,682,373	\$2,652,924	\$2,701,249
Retained Earnings	\$96,184	\$98,323	\$99,738	\$102,390
Capital Ratio (Retained Earnings/Assets)	3.48%	3.67%	3.76%	3.51% (Required) 3.79% (Goal)
Membership	853	860	865	859
Total Income (Loans, Investments, Fees & Donations)	\$99,952	\$117,923	\$135,562	\$126,105
Total Expenses (Operation & Dividend Expenses)	\$102,386	\$118,218	\$134,443	\$122,334
Net Income or Loss	(\$2,434)	(\$295)	\$1,120	\$3,772



Permaculture Credit Union

Office Location: 4250 Cerrillos Rd., 2nd Fl.
Santa Fe, NM 87507
Mailing Address: PO Box 29300
Santa Fe, NM 87592-9300
Toll Free: 1-866-954-3479
Phone: (505) 954-3479
Fax: (505) 424-1624
Web Site: WWW.PCUONLINE.ORG
Email: PERMA@PCUONLINE.ORG

Office Hours

Monday – Friday 10:00am – 2:00pm

Loan Request

Monday - Friday 9:00am – 5:00pm
Or by appointment.

Management & Staff

Donald J. Sarich, *President/CEO*
Eileen Banashek, *Bookkeeper*
Willina M. Martinez,
Member Services Representative
Matthew Carrasco-Trujillo,
Loan Processor

Board of Directors

Nora Haskins – Chair
Hugh Roberts – Vice-Chair
Susan Coulter – Secretary
Barbara Mueller – Treasurer
Jack Ingram – Director
Wesley Roe – Director
John J. McAndrew – Director

Supervisory Committee

Carolyn Agard – Chair
Joseph Ellis – Member
Elizabeth Martin – Member
Phil Vergamini – Member



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2006

Holiday Closings

Columbus Day
Monday, **October 9**

Veteran's Day
Friday, **November 10**

Thanksgiving Day
Thursday, **November 23**

Day after Thanksgiving Day
Friday, **November 24**

Christmas Day
Monday, **December 25**

Member Alert:

DO NOT RESPOND to email scams that ask you for your account number, credit card number, and personal identification numbers. Email messages that ask for this type of information are fraudulent, and should be reported immediately.

This includes seemingly real notification from VISA Security and NCUA (National Credit Union Administration) requesting you to go to a website and log in. We will never contact you and ask for this information.



Privacy Policy:

We do not disclose any nonpublic information about our members and former members to anyone, except as permitted by law.

What is Permaculture?

We all have pondered the meaning of Permaculture, whether we are new to the concept or teach others what it means. We've been printing selected definitions in our newsletters to give you food for thought. So tell us how *you* define Permaculture. As space permits in upcoming newsletters, we will print - and ponder - your responses. Please be succinct. Send your thoughts to perma@pcuonline.org. Subject to read Attention Newsletter Editor.

**What is permaculture? In a few words, "applied common sense."
I recognized permaculture practice as my birthright in Tim's class in my forties.**

BARBARA ROSE
Dancing Rocks Community, Tucson, AZ