



PERMACULTURE CREDIT UNION

OFFICE LOCATION: 4250 CERRILLOS ROAD, 2nd FLOOR, 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

Established: May 18, 2000

March 2004

Message from the Chair

It's spring again! It is time to prepare for the growing season; sowing seeds with the hope of reaping the rewards later on. Here at the PCU we are reaping the rewards of the previous year's hard work, and sowing the seeds for even more success in the coming year. Our CEO, Don Sarich, has just completed his first year with us, and it has been a very productive one.

We now have over 1 million dollars out in loans. Additionally, we can make loans in any state and our individual loan limit has grown from \$30,000 per loan to \$70,000 per loan. Our services have grown as well. The plans are in place to offer Home Equity Lines of Credit and soon we will be able to process Automated Clearing House (ACH) transactions. ACH transactions allow members to automatically transfer funds from other financial institutions to make loan payments, etc. We are also in the planning stages for a credit card offering. A recent survey of members regarding the desire for credit cards from the PCU resulted in an overwhelmingly positive response. The credit card service should be available at the end of the summer.

This is all very positive news, yet with growth comes growing pains. With a larger loan portfolio there are more decisions that have to be made about what types of loans are best for us and what the best combination of loans is. Along with additional services comes additional responsibilities and additional workload. Some of these new services require us to update various credit union policies and some may result in a sharp increase in our member base. These types of changes affect our bottom line and move us into a more dynamic environment. Thankfully, the other aspect of the credit union that has grown is our board of directors. We will be increasing the number of board members from 7 to 9. This should help us cope with this new environment. Being a board member is very enlightening – and does not require that you come to the table already knowledgeable – only ready and willing to learn. The same is true of volunteers.

The PCU is entering a new stage in our development. It will be an exciting time, full of growth and change, and we will continue to need your support and participation. Mention us to your friends, volunteer your time, take out a loan, or make a donation. We are not 'out of the woods' yet with respect to complete financial self-sustainability, but we are nearing the edges and seeing light through the leaves.

Thank you for all your support.

Susan Coulter

Permaculture Credit Union's 4th Annual Meeting

Will be held on May 15, 2004 at 10:00 am

Location:

Plants of the Southwest

3095 Agua Fria Street

Santa Fe, NM 87507

Attention: PCU MEMBERS

Members can borrow in person, by mail or by downloading an application from our web site. To begin the process, mail or fax your request to us with income information (e.g. pay stubs or tax returns). Remember, we currently process Vehicle loans, Share and Certificate Secured loans, and Signature loans in any state where our members reside.

Permaculture Credit Union's New Service – Automated Clearing House (ACH) Transactions

Beginning April 16, 2004, Permaculture Credit Union will begin to offer ACH transactions options to our members. ACH or Automated Clearing House is a payments mechanism that replaces paper payments with electronic transactions. Participating financial institutions process credits and debits through the ACH Network that goes through the Federal Reserve. It is a more cost-effective and efficient alternative to writing and processing checks.

Advantages of ACH to Consumers/Receivers

- Eliminating the possibility of lost or stolen checks;
- Reducing the time and cost involved in depositing, processing, and clearing checks;
- Delivering consistent and convenient availability of funds on a timely basis;
- Allowing for bills to be paid on time;
- Providing a secure and efficient method of payment;
- Offering a review period before a bill is actually paid;
- Eliminating check writing, postage expense, and the risk of late payments.

Introducing PCU's New Home Equity Line of Credit

A **Home Equity Line of Credit** loan is a revolving credit in which your home serves as collateral and is for owner-occupied homes only. The rate is Monthly Adjustable with a minimum credit limit of \$5,000, however, you can take an advance for as much or as little as you need at a time. The loan rate up to 90 % Total Loan to Value (TLTV) is Prime + .75% **; *the loan rate is Prime if it is used for a sustainable practice.*

The Prime rate is currently a low 4.00 % APR.***

Home Equity Lines of Credit are easy and convenient to use

- Free voucher access
- Low interest rate
- Low closing fees
- No minimum advance
- No annual fees
- Low minimum monthly payment
- Deductible interest *

*See your tax advisor to determine possible tax advantage.

**Maximum rate is 18.000%

***This APR or annual percentage rate is a variable rate accurate as of 4/15/04 and is subject to change at any time.

Is the interest on a home equity line of credit tax deductible?

The answer is “maybe”. Home mortgage interest is deductible on Schedule A, Itemized Deductions, of the personal tax return form 1040. Since tax filers may choose a standard deduction instead of itemizing deductions, however, this may or may not help. The standard deduction is currently \$4,750 per single taxpayer, and \$9,500 per married couple.

Itemized deductions include medical expenses beyond 7.5% of your income, state and local income taxes, property taxes, home mortgage interest and points, gifts to charity, casualty and theft losses, un-reimbursed job expenses beyond 2% of your income, and a few other items. If the total is greater than your standard deduction, your home equity interest may reduce your taxes.

There are a few more rules to consider. First, you can only deduct total mortgage interest (first mortgage plus home equity loans) on up to two homes, and for debt up to \$1million. Second, interest is only deductible on debt up to the market value of your home or homes. Third, home equity loan interest (as distinguished from first mortgage interest) is only deductible up to \$100,000 of debt.

If you have gotten this far, and it is still looking like you will be able to deduct the interest, there is still one more thing to consider – Alternative Minimum Tax. The AMT is an additional tax that applies to people who have substantial tax breaks - like itemized deductions, tax exempt interest, accelerated depreciation, and a substantial number of exemptions for dependents. If you qualify for the AMT, then home equity interest that you deducted on Schedule A is added back to the AMT if it was not used for home improvements.

As you can tell, this gets pretty complicated. If you qualify, however, you can get a nice tax break. Suppose you took out a \$65,000 home equity loan from the PCU at an annual rate of 7%, the deductible interest would be around \$4,000 for the first year. If you are in the 28% tax bracket, this could save you over \$1,100 in taxes. If you are in a higher tax bracket, you could save even more. If you think it might work for you, consult with your tax advisor to work through the details.

Donal Kinney, Tax Accountant, long time PCU Volunteer



Attention: PCU Members

It's PCU's 4th Year of Operation.

To celebrate, we are offering a special loan rate to members.

**4th Year Hybrid Loan Special
(Purchase or Refinance a Hybrid Vehicle that gets 45 mpg or more).**

Get Pre-Approved as soon as possible.

Special Rates for Hybrids as follows:

- A+ Credit 4.00% APR***
- A Credit 5.00% APR***
- B Credit 7.00% APR***
- C Credit 9.50% APR***

Offer good from 3-31-04 — 6-30-04.

*** For qualifying members.
Rates and terms subject to change.**

PERMACULTURE CREDIT UNION

RATES AND LOAN TYPES

(Currently we can finance up to \$70,000 in loans per household.)
All rates subject to change.

Bring your vehicle loan home to PCU

**NEW & USED
VEHICLE LOANS**

- A+ Credit 6.25% APR
- A Credit 7.25% APR
- B Credit 9.25% APR
- C Credit 11.75% APR

Fuel Efficiency Discounts

Average MPG 35 or more > .75% off APR
Average MPG 45 or more > 1.50% off APR

SECOND MORTGAGE LOANS

	<u>Up to 72 months</u>	<u>73 – 120 months</u>
A+Credit	6.00% APR	7.00% APR
A Credit	7.00% APR	8.00% APR
B Credit	8.00% APR	9.00% APR
C Credit	9.00% APR	10.00% APR

Up to 90% of appraised value, less the balance of your existing mortgage.

SIGNATURE LOANS

- A+ Credit 10.00% APR
- A Credit 11.00% APR
- B Credit 13.00% APR
- C Credit 15.50% APR

A+, A, B up to \$5,000, C up to \$3,000
Up to 48 months

SHARE AND CERTIFICATE SECURED LOANS

3.00% APR + Share or Certificate Rate
Up to 60 months

Membership Vote on the Credit Card Program - Results are in!!

Among our members, we had a 24 percent participation rate on the vote.
The vote results are as follows:

Response	Percentage of votes	Number of votes
Yes	96 %	133
No	2 %	3
Neutral	2 %	3

Over the next quarter, the Board will complete the required compliance steps to implement the Credit Card Program. By October, Permaculture Credit Union will provide a progress report to our members.



Permaculture Credit Union

Office Location: 4250 Cerrillos Rd., 2nd Floor,
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 for member convenience.

Management & Staff

Donald J. Sarich
President/CEO
Michelle Lowrie
Account Manager
Lucinda Sydow
Member Services Representative

Board of Directors

Susan Coulter – Chair
Nate Downey – Vice-Chair
Allan Sindelar – Treasurer
Sebia Hawkins – Secretary
Winona Nava – Director
James Stark – Director
Wesley Roe – Director

Supervisory Committee

Carolyn Agard – Chair
Nora Haskins – Member
Amy Brown – Member
Joseph Ellis – Member

Your savings insured to \$100,000

NCUA
National Credit Union
Administration
a U.S. Government Agency

Permaculture Credit Union Mission Statement

We pool the financial resources of the people who believe in the Ethics of Permaculture and strive to redirect those resources to Earth friendly and socially responsible loans and investments.

The **Permaculture Credit Union** promotes thrift among its members and provides credit at reasonable rates. It creates the opportunity for members to control the use of their money and contribute to the revitalization of their community and the planet.

Attention Members:

The Permaculture Credit Union is temporarily not offering new share certificates. We will make certificates available again in the future. If you have any questions, please feel free to contact us toll free at 1-866-954-3479 or locally at 505-954-3479. Thank you for your understanding.

Holiday Closings:

Memorial Day
Monday, May 31, 2004

Independence Day
Monday, July 5, 2004

For prompt delivery please mail all correspondence to:

Permaculture CU
PO BOX 29300
Santa Fe, NM 87592-9300

Message from the President

I would like to take this time to thank all of our members, Board of Directors and volunteers for their support this last year. It seems that this year will be even busier than last year, which will test our limited staff and volunteers. However, I believe everyone involved will reach deep into their hearts to make our membership very proud to say they belong to an organization committed to reshaping financial services, as we know them.

We appreciate our members investing in the Permaculture Credit Union even as our rates are still relatively low. As we grow, we will continue expanding services and increasing the rate of return to our members.

Sincerely,

Donald J. Sarich

Just A Reminder from the Supervisory Committee

PLEASE notify the Credit Union of any changes to your address or phone number. We want you to receive your statements and information about our services.



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