

Some choices are easy...



Whether you're a first-time home buyer or your refinancing an existing mortgage, save big with a no closing cost mortgage from CFCU. Last year, the average home buyer paid over \$3,000 in closing costs. At the same time, our members saved over \$1.3 million in closing costs! At CFCU, you'll also find great low rates, a big selection of mortgage products, quick approvals, more ways to apply (including online), fast closings and a friendly, helping hand guiding you through the entire process.

Important reasons why CFCU remains the area's #1 residential mortgage lender!

Make the easy choice—choose a **no closing cost mortgage from CFCU**. Find out more by calling 607-257-8500 or log onto www.myfcu.com.

*No closing costs with 3-year recapture, 80% maximum loan-to-value. Please call the Credit Union to obtain a list of closing costs that are covered by this program. \$500 application fee refunded at closing, single-family, owner-occupied residential properties only. You must have or open a Premiere Checking account to qualify. All loan applications are subject to approval; the Credit Union reviews all loan applications to ensure fairness and compliance to CFCU policy.

#1
residential
mortgage
lender for
7 consecutive
years!

2008 IN REVIEW

CFCU Hits Half-Billion Dollar Milestone!

By Robert O. Witty, President/CEO

During the first quarter of 2008, our Credit Union surpassed one-half billion dollars in total assets! This is an important milestone considering that out of approximately 8,000 credit unions nationwide, only 323 have reached this size.

Despite tough economic conditions that intensified throughout 2008, CFCU saw growth in several key areas. Total assets increased by \$54 million to over \$533 million. In addition, total loans grew by 7%, or \$21 million, to close the year at \$330 million. Shares (total deposits) increased by nearly \$47 million to \$450 million, up 11.5%.

Strong capital position

Although CFCU continues to grow rapidly, we remain well capitalized with a net worth ratio of 14.80%. By comparison, our peer group averages 10.75%. This is impressive considering a financial institution is thought to be well capitalized when net worth exceeds 7%. With this strong net worth, we are in a solid position to weather any economic turbulence that may still lie ahead.

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The safety and security of your Credit Union is further enhanced by conservative risk management and cost containment. In fact, CFCU's loan quality remains exceptional! Thanks to sound underwriting standards and a strong asset recovery department, loan delinquency dropped from a low .23% in 2007 to an even more favorable .19% at year-end of 2008.

#1 in Mortgage lending

Another strength is mortgage lending. CFCU wrote nearly \$95 million in residential mortgages during 2008. We remained the #1 lender in Tompkins County for the 7th consecutive year. Making the dream of home ownership a reality for many of our 56,000 members is one of our most important priorities.

During 2008, we extended our unique mortgage benefits to small business owners. Borrowers refinanced commercial properties at CFCU and saved thousands of dollars in finance charges, while enjoying substantial improvements in cash flow. At a time when other financial institutions are curtailing lending, we continue to grow deposits and extend credit to our members. We believe one of the best investments we can make is a loan to a member.

We take care of our own

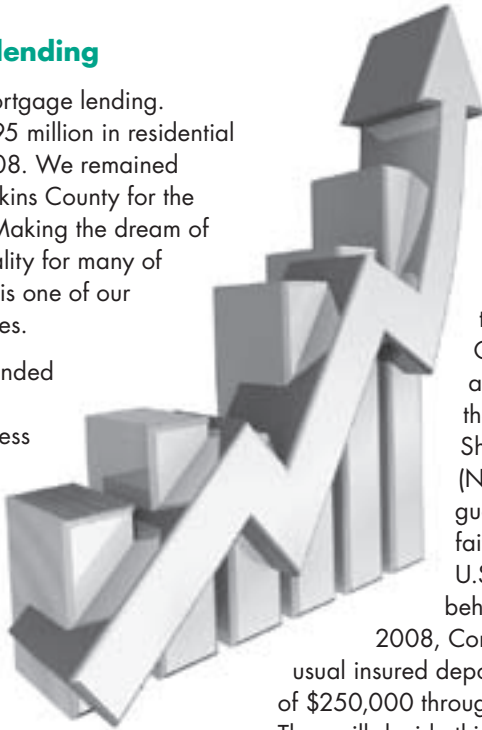
Although for the most part, the credit union system remains healthy and sound, a few regular or everyday credit unions around the

"Sand States" (Arizona, California, Florida, and Nevada), as well as a few corporate credit unions (credit unions that serve credit unions), have experienced losses related to the mortgage crisis. As a result, the National Credit Union Administration (NCUA) recently took control of two corporate credit unions: U.S. Central in Lenexa, Kansas, and

WesCorp Federal Credit Union in San Dimas, California. The action included assistance to increase the liquidity and capital within the corporate credit union system. In no way does this move impact our members. In addition to the soundness of the Credit Union, savings at CFCU are backed by the National Credit Union Share Insurance Fund (NCUSIF). This protection guarantees that the "full faith and credit" of the U.S. government stands behind your money. In

2008, Congress increased the usual insured deposit limit to a minimum of \$250,000 through December 31, 2009. They will decide this year whether to make the increase permanent.

2008 was truly an exceptional year. Thanks to you, CFCU continues to be one of the strongest performing credit unions in the nation. With a friendly and knowledgeable staff, favorable interest rates, lower fees, the best products and services, and strong capital position, we're optimistic about our future. And we will continue to work hard to earn your support!



Service & Value

By Susan Schattschneider, Board Chair

From time to time, it's important to remind our members about the role your Board of Directors plays on your behalf. Simply put, we represent your interests by overseeing the business affairs of the Credit Union. This includes deciding on monthly dividends, loan policies, maximum number of shares which may be held by any member, the investment and borrowing of funds necessary to transact business, and additions or changes in services offered by CFCU. All board members serve as unpaid volunteers.

We take our responsibility very seriously. That's why it's so rewarding to be able to report on the outstanding business results CFCU achieved in 2008 despite a difficult economic environment.



FRAUD PREVENTION

Most credit and debit fraud comes from foreign countries. As a result, we may block transactions from certain countries where we anticipate fraud. Notifying us will help ensure your transactions are recognized as legitimate and can go through as expected, even if you're in a country where transactions are being blocked.

Fraud costs cardholders and issuers hundreds of millions of dollars each year. To protect you, we implemented a new Web-based system designed to help block potential fraud in real time. Current blocked countries include Cuba, India, Iran, Malaysia, Mexico, Myanmar (Burma), Nigeria, Romania and South Africa. However, countries from which transactions are blocked may change as we detect new scams and schemes.



FREE CREDIT COUNSELING

For members experiencing financial difficulties, CFCU offers free credit counseling. Headed by Joe King, our service provides budget assistance, financial advice and analysis, tips on how to develop an effective spending plan and help arranging loan extensions and compromises. Creditor work-out plans can also be arranged. Joe is easy to work with and has a great deal of experience helping our members. For a private consultation, give him a call at 607-257-3282 ext. 303, or e-mail him at joe.king@mycfcu.com.

On course in tough times

All financial institutions are subject to economic forces. At a time when many are making up for lost income by charging higher fees, taking more risk and/or selling assets, CFCU continues to give you more for your money. As a well-capitalized credit union, we're able to stay on course even during these unsettled times, offering the financial services you need and the value you've come to expect from your Credit Union.

A better deal

You'll find we typically pay more than other financial institutions when you save and charge less when you borrow. Our no closing cost mortgage program saved members literally millions of dollars in closing costs over the last couple of years. And more and more members are cashing in on a deeper relationship with the Credit Union through Premiere Checking and direct deposit.

We're fortunate to have excellent resources at CFCU. We are in a strong financial position thanks to conservative risk parameters that we monitor closely. We have great people. Our services continue to expand and change to meet your needs. And we are effective in helping you reach your financial goals in ways that work best for you.

Optimistic about '09

That's why your Board of Directors is also optimistic about the coming year and beyond. As we move forward in 2009, we will focus on the same things we've stressed in the past—service and value. These are the time-tested qualities of the Credit Union. We thank you for your willingness to use our products and services. Our success depends on being able to deliver outstanding service and value to you. And you benefit each and every time we succeed!



Do you have too much debt? How do you know?



and interest), property taxes, insurance, etc., should not total more than 33% of your gross income. In addition, your total debt, including car payments, credit card payments, other loans, etc., should not represent more than 38% of your gross.

For years, financial institutions have used a couple of measurements to determine a person's creditworthiness. Your credit report takes a look at your payment history, amounts owed, length of credit history, new credit and types of credit used — and the other, your debt-to-income ratio. This is a simple way to compare your earnings against your spending. So how much debt is too much?

If you were in the process of buying a house, lenders would probably consider the 33/38 guideline to determine how much credit you might qualify for. For example, all your housing costs, including mortgage (principle

and interest), property taxes, insurance, etc., should not total more than 33% of your gross income. In addition, your total debt, including car payments, credit card payments, other loans, etc., should not represent more than 38% of your gross.

Even if you're not in the market for a new house or other credit, calculating your debt-to-income ratio is a good way to take the pulse of your debt level. Just add up all of your debt (credit cards, student loans, mortgage, car payment and so on). Then divide this by your monthly gross income (this is the total before taxes are taken out) to come up with your debt-to-income ratio. After you've done this, if you determine you need to pay down debt, how should you proceed?

Should you pay high interest debt first, or bills with smaller balances?

If you have a few bills with low balances that you can pay off quickly (within a few months), you can simplify your big picture and give yourself a sense of accomplishment by paying those first. However, you need to turn your attention as quickly as possible to the debt with the highest rates of interest. These are costing you the most money. So get to work on this debt as soon as you can. Pay as much as you can afford each month. And be sure to make payments on time to avoid late fees and potential damage to your credit rating. Refinancing higher rate debt to a lower rate is another consideration.

Don't forget to check your debt-to-income ratio whenever you anticipate a major credit purchase, or when you have a life change, such as marriage, a new child, job loss or other factors that may affect your income.

wealth Management

Located at CFCU Community Credit Union

Attention—If you've been laid off or changed jobs, we should talk!

If you or someone you know has been laid off or changed jobs, it may be a good idea to have us review your 401(k) or other retirement plans. There are several strategies you can consider, including: rolling over your retirement plan to an IRA for more control, making sure your beneficiary designation is set up correctly, and even receiving distributions before reaching age 59½ if needed. Please call to schedule a review session at your earliest convenience. We look forward to helping you.

**All consultations are free. Call 607-257-3282, ext. 299
Or 1-800-428-8340, ext. 299**

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Bill Murphy, CFP®
Financial Consultant



Nancy Kehoe
Financial Consultant

Introducing our Employee
of the Quarter

1st 2009



Ed Freeman

The motto for the credit union movement is "people helping people." And providing top-notch member service has always been one of our most important priorities. It's our reason for being. That's why it's so satisfying to be able to recognize a person who gives his all to serve our members in a helpful and friendly way. Member advocate, Ed Freeman, knows how to deliver exceptional service. He radiates a calming, positive attitude, and always demonstrates a true passion for his job. He is extremely knowledgeable and routinely delivers service with a smile. His co-workers are quick to credit him with helping to create a positive work environment at the Credit Union. Ed impresses all with his willingness to go above and beyond, wonderful mentoring skills, and steadfast patience and kindness. He is a valuable member of our team and a tremendous asset to CFCU.

TRAVELING ABROAD?

Let us know so we can provide smooth credit and debit transactions.

If you're traveling abroad and intend to use your CFCU credit or debit card on your trip, please coordinate with the Credit Union. That way we can place a message on your account to make sure transactions are processed smoothly.

 CFCU
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