

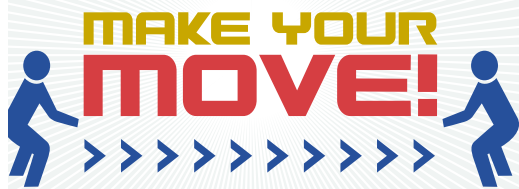


Banner

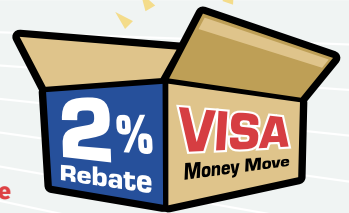
ARKANSAS FEDERAL CREDIT UNION



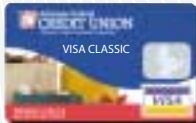
October 2004



Earn a 2% Instant Cash Rebate and Lower your Interest Rate and Fees!*



Arkansas Federal is offering relief from those high-interest-rate credit cards just in time for the holiday shopping season. From October 1, 2004 until January 31, 2005, we will deposit 2% of any non-AFCU credit card balances you transfer to your Arkansas Federal VISA Credit Card directly into your Share Savings Account.



An Arkansas Federal Visa Credit Card features:

- 9.9% Annual Percentage Rate
- No Balance Transfer Fee
- No Annual Fee
- No Deceptive Introductory Offers
- \$0 Fraud Liability
- 25-Day Grace Period on Purchases
- No Cash Advance Fee
- Overdraft Protection for AFCU Checking Account

Don't have an AFCU Visa Credit Card? Call Arkansas Federal at 982-1000 in central Arkansas or 800-456-3000 outside central Arkansas; or log on to www.afcu.org and apply today, then ask about the 2% Instant Cash Rebate.

* Offer based on your credit qualifications. Cash rebate offer ends January 31, 2005. Balance transfer cannot exceed available credit limit.

MEMBERS ONLY • Home Rebate Program •

We are excited to announce yet another great benefit of membership at Arkansas Federal. The Members Only Home Rebate Program features a network of experienced, professional real estate agents who have agreed to provide Arkansas Federal Credit Union members with expert real estate services, while providing a rebate equal to 25% of the agent's own commission.

Offered in combination with Arkansas Federal Credit Union's own real estate financing services, the new program provides members a value-added package not available from any other mortgage lender in Arkansas.

Here is how it works: when you are ready to buy or sell a home, simply contact Arkansas Federal's Mortgage Department at 501-982-1000 ext. 155. You will be referred to a Personal Transaction Assistant, or PTA, who will be there to assist you at every step in the real estate transaction.

The Member's Only Home Rebate Program is also available at our Internet Branch. Click on the Mortgage tab and click on the Member's Only Home Rebate Program icon. To start the process, click on "Get Started".

The PTA will assign you to a qualified real estate agent, who has agreed to provide their services and offer a cash rebate equal to 25% reduction of their actual commission. The agent will meet with you to prepare a personalized plan to buy or sell your home.

If you are interested in buying a home, we recommend that you apply for a mortgage pre-approval at Arkansas Federal first.

This will speed the process and give you more leverage when shopping for your new home. Members will receive their cash rebate in a check made payable to them following the close of escrow.

Even though Arkansas Federal only makes real estate loans in the state of Arkansas, members may be able to take advantage of the program anywhere in the United States. Contact the Mortgage Department or access the Internet Branch for details.

There are no restrictions on the number of times you can buy or sell a home through the Members Only Home Rebate Program. For example, if you sell a home and buy a new home using the Members Only Home Rebate Program you will receive a cash rebate on both the purchase and the sale, effectively doubling your cash earning potential.

The program is available to all Arkansas Federal Credit Union members, whether you are a first-time homebuyer, trade-up buyer or member who is buying a vacation or second home.

Members Choice

More Options. More Choices.

Volunteer Board of Directors

Phillip B. Boudreaux, *Chairman*
 Art Williams, *Vice Chairman*
 Fred Van Driesum, *CFP, AFC, Secretary*
 Jerry E. Spratt, *CPA, CFE, CGFM, CFSA, Treasurer*
 Garold L. White, *Director*

Volunteer Supervisory Committee

Robert Rodgers, *CPA, Chairman*
 Jay Simmons, *Secretary*
 Don Greene, *Member*
 Reginald Ford, *Member*
 William Shrigley, *Member*

Volunteer Credit Appeals Committee

Dale Duell, *Chairman*
 Jan Avant, *Member*
 Carol Lunday, *Member*

Management

H. C. Klein, *President/CEO*
 Craig Savell, *CCE, Executive Vice President*
 Terry Borreson, *CPA, CIA, CISA,*
Senior Vice President/Finance and Administration
 Rodney Showmar, *Vice President/Marketing*
 Terry Vick, *Vice President/Lending and Sales*
 Cathy Semon, *Vice President/Human Resources*
 Andy Reed, *CNE, MCP, Vice President/Information Systems*
 Teri Miessner, *Collections Manager*
 Paul Kirkdoffer, *Purchasing Manager*
 Carol St. John, *Mortgage Loan Manager*
 Leslie Perry, *Account Research Manager*
 Brian Berstler, *CPA, Accounting Manager*
 Anita Killen, *Little Rock Branch Manager*
 Laura Bradley, *Fort Smith Branch Manager*
 Tammy Christian, *Conway Branch Manager*
 Sandy Bearry, *Jacksonville Branch Manager*
 Pat Davis, *West Little Rock Branch Manager*
 Karen Smith, *North Little Rock Branch Manager*
 Cindy Jones, *Electronic Funds Transfer Manager*
 Nicole Matsoukas-Eilts, *Telephone Branch Manager*

Mission Statement

Arkansas Federal Credit Union
is a member-owned financial cooperative dedicated to being the primary financial institution for all members by providing quality services while maintaining a strong financial foundation.

From the Desk of H.C. Klein

President/CEO

Arkansas Federal Credit Union Purchases Land for New Cabot Branch



Arkansas Federal Credit Union (AFCU) recently purchased 1.01 acres at the corner of Hwy. 89 and Rockwood Dr. (at the entrance to Rockwood Shopping Center) in Cabot to build a new, state-of-the-art, branch facility. Groundbreaking for the new branch will be in the fourth quarter of 2004 with a Grand Opening scheduled for the summer of 2005. We have been looking for the right piece of land to purchase in Cabot for some time now. Our membership growth in Cabot has convinced us that a full-service branch location is justified. Cabot has been a growing area for us in terms of employer groups, existing members, and potential members. The new branch office will have services such as a 24/7 Xpress branch self-service lobby, safe deposit boxes, drive-thru lanes and a drive-up ATM.

In addition, our North Little Rock branch has undergone some remodeling. This remodel has added some new and exciting features to our North Little Rock branch. Most noticeably is the addition of the 24/7 Xpress Branch Self-Service Lobby that houses our ATM, Night Depository, Internet Kiosk, Touch-Tone-Teller, Phone-A-Loan, AnswerLine, and Member Information Center. You may access this lobby 24-hours-a-day by simply swiping your Arkansas Federal ATM card, Visa Check card, or Visa Credit card.

A Member Service Center now greets members as they enter the building. Member Service Representatives will gladly answer your questions or direct you to the product or service that you request. You are invited to stop by the North Little Rock branch at 4848 North Hills Blvd. and see the new and exciting changes that have occurred. 🇺🇸

Check 21 Means Checks Clear Faster

Writing a check without money in your checking account to cover the check is illegal. Some people try to take advantage of the system by writing a check without the money to cover the check, then hoping they can make a deposit before the check reaches the credit union. A new law will make this practice harder to accomplish.

Beginning October 28, 2004, the "Check Clearing for the 21st Century Act" or Check 21 goes into effect. This Act will allow

financial institutions to stop transporting the original paper check, instead transmitting electronic images of the check. With this new system the time it takes for your check to clear your account will become hours instead of days.

To avoid bouncing a check or incurring overdraft charges, it is best to write a check when you are sure you have enough money in your account to cover the check. 🇺🇸

Consumer Credit Counseling Service

NOW AVAILABLE IN FT. SMITH AND JACKSONVILLE BRANCHES

Are you concerned about your credit rating or are you living paycheck-to-paycheck? Are you having a difficult time making ends meet? We know how important it is to have or keep your good credit status with these changing times and your Credit Union is here to help you!

We have teamed with Consumer Credit Counseling Services (CCCS) and we want you to know your options when it comes to finances in today's market. Consumer Credit Counseling Services can help you in the following ways and more:

- **Learn how to make a budget and stick to it.**
- **Don't let your credit get any worse or beyond repair.**
- **Bankruptcy may seem like your only option, but you may have some options that you don't know about.**

Would you like to speak to an experienced credit counselor to see what your options are? Contact a local office and set up an appointment. To help our members, Arkansas Federal Credit Union has made space available in our Jacksonville, and now in our Ft. Smith branch locations.

To determine the nearest location in your area call (800) 388-2227 or look for them on the Internet at www.debtadvice.org. Under the Contact header is a Member Agency Locator, which will also help you find a counselor in your area. The website also has an explanation of services and helpful links.

Arkansas Federal Credit Union is the only financial institution in the state to offer Consumer Credit Counseling Service in its branch office locations. 🇺🇸

Members Choice

More Options. More Choices.

SCHOLARSHIPS AWARDED TO FIVE ARKANSAS SCHOLARS

Arkansas Federal Credit Union is please to award five \$1,000 scholarships to Arkansas high school graduating seniors who display exemplary academic achievement. Each senior is awarded a \$1,000 scholarship to the state-supported college or university of their choice.

This year's winners had an average GPA of 3.82, average ACT score of 26, and were active in both their school and community. The 2004 Arkansas Federal Credit Union Scholarship Award winners are:

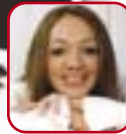
Kimberly Chism of Maumelle, AR and a graduate of Arkansas Baptist High School will attend the University of Arkansas at Fayetteville.



Candace Stracener of North Little Rock, AR and a graduate of North Little Rock High School will attend the University of Central Arkansas.



Sara Nicholls of Huntington, AR and a graduate of Greenwood High School will attend the University of Arkansas at Little Rock.



Leighann Kuntz of Van Buren, AR and a graduate of Van Buren High School will attend the University of Arkansas at Fayetteville.



Michelle Tinker of Little Rock, AR and a graduate of Pulaski Academy will attend the University of Arkansas at Fayetteville.



Scholarship applications for next year's awards will be available beginning in January 2005. 🇺🇸



Rate watch

SAVINGS RATES

	APY
Share Savings	1.00%
Special Savings	1.00%
I.R.A. Savings (\$1,000 Minimum)	1.00%
Money Market	1.21%
91-day Certificate/IRA (\$1,000 Minimum)	2.00%
91-day Jumbo Certificate (\$100,000 Minimum)	2.25%
182-day Certificate/IRA (\$1,000 Minimum)	2.25%
182-day Jumbo Certificate (\$100,000 Minimum)	2.50%
1-year Certificate/IRA (\$1,000 Minimum)	3.00%
2-year Certificate/IRA (\$1,000 Minimum)	3.50%

Rates effective as of printing. Savings rates are declared for the previous quarter and dividends are paid quarterly. Money Market and Certificate Account dividends are paid monthly. Rates subject to change without notice. Contact a credit union employee by e-mail at info@afcu.org or by telephone at 501-982-1000, or toll free 800-456-3000 for applicable fees and terms. All savings rates quoted as an Annual Percentage Yield (APY).

LOAN RATES

	APR
New Car/Truck/Van	
Up to 24 Months	3.90%
25 to 36 Months	4.40%
37 to 48 Months	4.90%
49 to 60 Months	5.40%
61 to 72 Months	5.90%
73 to 84 Months	6.40%
85 to 96 Months	6.90%
Used Car/Truck/Van	
Current & 1-Year-Old Models	
Up to 24 Months	3.90%
25 to 36 Months	4.40%
37 to 48 Months	4.90%
49 to 60 Months	5.40%
61 to 72 Months	5.90%
Used Car/Truck/Van	
2- to 5-Year-Old Models	
New & Used Motorcycle	5.40%
New & Used Boat	5.40%
New & Used RV	5.40%
New & Used Airplane	5.40%
Other Collateral	5.40%
Home Equity Loans	
High Equity Home Equity	3.99%
Conventional Home Equity	as low as 4.40%
Generous Home Equity	as low as 5.40%
E-Z Home Equity - 5 yrs	6.40%
Lot or Land Loans	6.90%
Share Pledged (Savings)	4.25%
Certificate Pledged	3% above certificate rate paid
Credit Builder	9.50%
VISA Classic Credit Card	9.90%
VISA Secured Credit Card	18.00%
Personal Signature	12.90%

All loan rates quoted as an Annual Percentage Rate. There is a five-acre maximum on mortgage loans.

MORTGAGE LOAN RATES

	Rate	Points
FHA/VA		
30 Year	5.375%	0.375%
30 Year	5.500%	0.000%
Sample APR	5.797%	
15 Year	4.500%	2.500%
15 Year	5.000%	0.000%
Sample APR	5.497%	
Conventional/Fixed Rate		
30 Year	5.500%	0.125%
30 Year	5.625%	0.000%
Sample APR	5.717%	
15 Year	4.875%	0.375%
15 Year	5.000%	0.000%
Sample APR	5.152%	

All loan rates quoted as Annual Percentage Rate. There is a 1.00% origination fee on all loan programs. Rates quoted are for loans amounts over \$100,000. Call 501-982-1000, Ext. 151, for quotes on loans under \$100,000. 45-day lock-in on all programs quoted. Rates are subject to change daily.

Nominating Committee Seeking Members FOR 2005 BOARD OF DIRECTORS ELECTION

The Nominating Committee is seeking members interested in serving as volunteers on the credit union's Board of Directors. One position will be open for the 2005 Board of Directors election. If you feel that your educational background and occupational experience would be an asset to the Board of Directors, you can obtain a Volunteer

Application Form from the Telephone Branch by calling (501) 982-1000 or (800) 456-3000 or see the manager at any Arkansas Federal branch office.

Volunteer applications received by November 12, 2004, will be considered by the Nominating Committee for the 2005 election. 🇺🇸

GO HOGS! The next time you call the credit union press option 7 to hear the Arkansas Hog Call and the Razorback Fight Song.

The reason Arkansas Federal supports the Hogs is simple. All State of Arkansas

employees are eligible for membership at Arkansas Federal. The University of Arkansas is the largest state-supported university in Arkansas. Therefore, we see it as a natural fit to help cheer on those Hogs with the Hog Call and Fight Song. Call 982-1000, press option 7 and try it today! GO HOGS! 🇺🇸

New Arkansas Federal Financial Services Representative in Little Rock

Arkansas Federal Credit Union is committed to making a variety of financial products and services available to our members. One of those services is the Arkansas Federal Financial Services Program, located here at the credit union. The Arkansas Federal Financial Services Program is a personal financial-management service designed exclusively for credit union members. Many of you already know Mike Van Bokhoven, the Arkansas Federal Financial Services Representative at our Jacksonville Branch.

AFCU would like to take this opportunity to introduce the newest Arkansas Federal Financial Services Representative, David Butler. David comes to us with knowledge and 12 years

of experience in financial services. David's office is in our Little Rock Branch located at 1001 Chester St. at Capitol Avenue in downtown Little Rock. Now, Mike and David will both be available to serve AFCU members at the Arkansas Federal Financial Services Centers, located in Jacksonville and Little Rock.

Consider stopping in soon to meet the newest Arkansas Federal Financial Services Representative. Our representatives can help you with retirement planning, college funding, or ways to meet your financial goals. To reach the Arkansas Federal Financial Services Center by phone, you can call:

Mike Van Bokhoven
501-982-1000 ext. 106



David Butler
501-982-1000 ext. 364



AFCU INFORMATION

LOCATIONS

Jacksonville Branch

2424 Marshall Rd.

North Little Rock Branch

4848 North Hills Blvd.

Camp Robinson Branch

Bldg. 5400, Canteen
Closed from 1:00-2:00 p.m.

Little Rock Branch

1001 W. Capitol Ave.

West Little Rock Branch

1221 S. Shackelford Rd.

Conway Branch

220 Skyline Drive, Hwy. 65 North

Fort Smith Branch

7887 Phoenix Ave.

Telephone Branch

P.O. Box 9, Jacksonville, AR 72078-0009

LRAFB Exchange ATM Facility

Building 940 at Arnold Drive

LRAFB Shoppette ATM Facility

Building 1996, Arnold Drive & Arkansas Blvd.

Federal Building ATM Facility

700 W. Capital Ave., First Floor - Little Rock

State Capitol ATM Facility

First Floor Lobby - Little Rock

BRANCH HOURS

Mon.-Thurs. 9 a.m.-5 p.m.

Fri. 9 a.m.-6 p.m.

TELEPHONE BRANCH

Local: 501-982-1000

Fort Smith Local: 479-782-1000

Conway Local: 501-329-1000

Toll-Free Services: 800-456-3000

TDD Number: 501-982-8732

FAX Number: 501-982-FAXX

24-HOUR TOUCH TONE TELLER

501-982-AFCU (2328) or


toll-free 800-982-AFCU (2328)

INTERNET BRANCH

www.afcu.org

E-MAIL

info@afcu.org

 These branches have a 24/7 Xpress Branch self service lobby open to members 24 hours a day.



We also have 1406 Branch offices at Credit Union Service Center locations in 40 states and 6 foreign countries to serve you. To find a location go to www.cuservicecenters.com.

ATM NETWORKS



Surcharge-Free ATM Networks



The Banner is the official quarterly publication of Arkansas Federal Credit Union. Comments and suggestions should be addressed to:

Marketing Department
Arkansas Federal Credit Union
P.O. Box 9
Jacksonville, AR 72078-0009


The Arkansas Federal Credit Union Banner Newsletter does not represent legal, accounting, or other professional advice. Although we try to insure the information contained is accurate, no party assumes liability for loss or damage due to dependence on this material.

ARKANSAS FEDERAL INTRODUCES

Visa Secured Credit Card Loan


Effective November 1, 2004, Arkansas Federal members have the option of a Visa Secured Credit Card as an alternative to the typical Secured Credit Cards that are offered with interest rates above 20% and initial fees of \$50.00 or more. Our new Visa Secured Credit Card will not have the high-dollar initial or annual fees associated with it. This is a great product for those members trying to establish their credit history for the first time or for members who have had past financial difficulties and want to re-establish their credit history. In today's world, having a Credit Card is essential as you try to make various reservations — from confirming hotel dates to reserving a rental vehicle.

An AFCU Secured Visa Credit Card may be opened by securing money in your Share Savings Account for as little as \$250 up to a credit limit of \$10,000. Our Visa Secured Credit Card requires a minimum payment per \$100 borrowed of \$3.00 for an Annual Percentage Rate of 18.00% and a daily periodic rate of .049315%. This article updates and amends your Xpress Permanent Loan Agreement with Arkansas Federal Credit Union.

For more information, call 501-982-1000 in central Arkansas, or 800-456-3000 outside of central Arkansas to speak with an Arkansas Federal Loan Officer. 

Member Education Seminars

One of the benefits of membership at Arkansas Federal is the free educational seminars intended to educate members and help them better understand their finances.

If you are interested in one of the free member education seminars below, call the credit union at 501-982-1000 ext. 251 to register or for more information. 


- ◆ Get Checking – October 4 & 11 from 5:30 p.m. to 8:30 p.m. – Family Service Agency, North Little Rock
- ◆ Retire with Confidence – October 19 @ 5:00 p.m. – Arkansas Credit Union League, Downtown Little Rock
- ◆ Retire with Confidence – October 21 @ 5:30 p.m. – North Little Rock Branch
- ◆ Retire with Confidence – November 16 @ 5:30 p.m. – Jacksonville Branch
- ◆ Retire with Confidence – November 18 @ 5:30 p.m. – West Little Rock Branch
- ◆ Get Checking – November 20 from 9:00 a.m. to 4:00 p.m. – Family Service Agency, North Little Rock

Are you in ChexSystems and want out? Then Get Checking!

Get Checking is an educational program designed to help consumers gain access to basic financial services, namely checking accounts. This includes individuals that may have had problems managing their accounts in the past, or consumers who have simply never opened a checking account.

The program includes six hours of in-class instruction, exercises, and skill development training specific to checking account management. Individuals learn basic financial skills and principles, money management and financial planning goals such as purchasing a home, saving for higher education, or starting a small business.

We asked for and paid for this program to be brought to Arkansas. We started offering seminars in March 2004 and hold a seminar program each month. This program will now be made available to other financial institutions in Arkansas.

At the end of the class, participants take an exam. If they are successful, they receive a Certification of Completion, which they can bring to Arkansas Federal Credit Union to open a checking account. 

HOLIDAY CLOSINGS

All AFCU branches and drive-up teller locations will close in observance of the following holidays:

- **Columbus Day**
Monday, October 11, 2004
- **Veterans Day**
Thursday, November 11, 2004
- **Thanksgiving Day**
Thursday, November 25, 2004
- **Christmas Eve**
Friday, December 24, 2004
(close at 2:00 p.m.)

AFCU wishes you and your family a safe and happy holiday.



Arkansas Federal
CREDIT UNION

Arkansas' Largest Financial Cooperative



Each account is insured up to \$100,000 by the National Credit Union Administration, an agency of the federal government.



In addition to Federal Insurance, members' savings in the credit union are insured with an additional \$250,000 of coverage.



We do business in accordance with the Federal Fair Housing Law and the Equal Credit Opportunity Act