

Board of Directors

Eldon Smith.....*President*
Bill Floyd.....*Vice President*
Carl Bogenholm*Treasurer*
Lois Waters*Secretary*
George Marlatt*Assistant Treasurer*

Supervisory Committee

Lois Waters*Chairperson*
Barbara Turner
Ed Bresee

*This newsletter is published quarterly
for the members of Petroleum
Associates Federal Credit Union.*

1st Quarter, 2003

PETROLEUM ASSOCIATES

(FORMERLY TEXACO EMPLOYEES FEDERAL CREDIT UNION)

FEDERAL CREDIT UNION NEWSLETTER

SERVING CHEVRON TEXACO AND EQUILON, MOTIVA, EQUIVA SERVICES, EQUIVA TRADING

Avoiding Identity Theft

Identity theft occurs when someone steals your personal information and uses it to establish credit, borrow money, charge items or even commit crimes in your name. Protect your identity. Never respond to unsolicited requests. Shred any receipts and pre-approved credit offers. Obtain a copy of your credit report annually and check it for accuracy. Use only secure sites when making on-line purchases. (Secure pages begin with "https"). Pay for online purchases by credit card to assure you get what you paid for and to limit your liability. Safeguard your Social Security Number. ▲

New or Used Car Loans

5.50%

No Strings Attached

ATM/Check Card

Convenient.

Now your Petroleum Associates FCU check card works like a check, too! Use it instead of a check for paint, tools, wallpaper, and all your home decorating purchases-at over 14 million places worldwide. There's no check to write. No waiting for check approval.

Easy.

Just present your card at the time of purchase, and the amount will be deducted from your checking account. Plus, you'll get a receipt for easy record keeping, and every transaction will be detailed on your checking account statement.

Welcome.

It's your ATM card with the added buying power of the Visa® symbol. So you can pay for things right from your checking account anywhere Visa cards are welcome. To find out how you can get our card if you don't already have one, call 1-877-833-2800, or visit your local branch.

YOUR MONEY IS PROTECTED.

EVEN WHEN YOUR CARD IS LOST OR STOLEN.

PROTECT YOUR ACCOUNT.

REPORT LOST OR STOLEN CARD

IMMEDIATELY. CALL 1-800-554-8969

Internet Home Banking/ Bill Paying

Make yourself at home with our online banking system. Now you can log on to the Credit Union website (www.paefcu.org) and access your account. You will need:

- IBM compatible or Macintosh personal computer
- Modem (minimum modem speed recommended is 28.8 baud)
- Internet access through an Internet Service Provider or Online Service
- For Windows 3.1 users.: Netscape Navigator version 3.0 or higher
- For Windows 95 users: Netscape Navigator 3.0 or higher or Microsoft Internet Explorer version 3.0 32 bit or Higher AOL

To log on, click on our website, click on home banking, enter your account number and password. After you log in, you may browse through the options listed. If you need any assistance, click the help button. If you do not have the password, please call our main office toll free at 877-833-2800.

To ensure security, change your password frequently, do not share your password, and close your browser software before leaving your computer.

With Internet Home Banking you can change your password, and check our rates. In addition to home banking access, you may also pay bills. The bill paying capability cost is \$4.45 per month. Try us out; see what you (8765) are missing in convenience. Pay bills from the comfort of your home or office, save postage and supplies. Bill payer is as flexible as it is convenient. For example, if the amount and due date of a bill is always the same, you can easily set it up as a recurring payment and have it paid automatically. If the amounts or dates vary, it's just as simple to schedule it for payment when you receive the bill. Either way, you're always in control of this very secure service, and it's available 24 hours a day, seven days a week. ▲

What about security for PAFCU online services?

PAFCU Home Banking and BillPayer services feature the most comprehensive security available. Access is highly restricted and requires a password; you cannot access another members' accounts nor can they access yours.

PAFCU database is a very sophisticated series of "firewalls" and encryption technology is used to ensure account privacy.

As a result, if your browser does not support encryption, the Home Banking and BillPayer services will not be available to you. Therefore, we recommend that you use Netscape Navigator or Microsoft Internet Explorer as your browser. ▲

Please visit our web site at: www.paefcu.org or contact us at: paefcu@aol.com or (company email) atltecu@starent.com

Annual Meeting Report

The annual meeting of Petroleum Associates Federal Credit Union was held March 26, 2003 at Norcross Station Cafe in Norcross, Georgia.

Door prizes totalling \$700 were awarded to those present and annual reports were given by Lois Waters Supervisory Committee, George Marlatt, Assistant Treasurer, and Eldon Smith, President. In addition, Bill Floyd was appointed to the Board of Directors to serve a three year term.

The financial report for the period ending December 31, 2002 as follows (see right). ▲

ATM/Check Card

Writing checks is a thing of the past with your Petroleum Associates Federal Credit Union electronic checkbook. We offer a combination ATM card and check card that automatically withdraws your purchase amount from your checking account. The card also allows you the convenience of ATM withdrawals and transfers. You can purchase groceries, gas, or anything else wherever VISA® is accepted. So throw away your checkbook and step into the future today with your PAFCU ATM/Check Card. Subject to credit approval. ▲

WIN \$5

If you find your account number hidden in this newsletter, call one of the Credit Union offices. We'll deposit \$5 into your account.

For every quarter that no one claims their prize, we will increase the amount by \$5. ▲

A 1.25% DIVIDEND was declared for the first quarter 2003 by the PAFCU Board of Directors.

Petroleum Associates Federal Credit Union FINANCIAL REPORT

Period Ending December 31, 2002

ASSETS

Loans and Visa to Members-Net	\$	16,524,680.90
Cash and Investments	\$	21,560,018.45
Fixed and Other Assets	\$	191,218.27
Total	\$	38,275,917.62

LIABILITIES AND RESERVES

Savings, Checking Accounts, Christmas Club, Super Check	\$	23,692,191.87
CD IRA, Regular IRA, Roth IRA, Educational IRA	\$	3,316,482.01
Certificates	\$	6,703,933.13
Accounts Payable	\$	400,372.71
Dividends Payable	\$	50,374.27
Regular Reserves	\$	876,021.87
Undivided Earnings	\$	3,236,541.76
Total	\$	38,275,917.62

STATEMENT OF INCOME

Interest on Loans	\$	1,242,932.00
Income from Investments	\$	472,115.82
Miscellaneous Income	\$	189,420.26
Total	\$	1,904,468.08

DISTRIBUTION OF INCOME

Expenses:	Salaries and Benefits	\$	425,600.13
	Insurance, Operating fees, Ln Serv & Rent	\$	105,368.38
	Professional Services & Promotional Exp.	\$	88,087.08
	Office Operation Expenses	\$	271,151.25
	Other Expenses	\$	31,211.84
Total Expenses		\$	921,418.68
Dividends Paid to Members-Shares, IRA's, Christmas Club			
Checking Accounts, and Certificates	\$	869,640.24	
Additions to:			
Undivided Earnings	\$	113,409.16	
TOTAL INCOME DISTRIBUTED	\$	1,904,468.08	

Can the credit union take care of all my financial needs?

For many people, yes. We offer a full line of deposit services—savings accounts, share draft accounts, IRA's, etc. We also offer many types of loans—for cars, boats, home improvements and more. Plus, you'll appreciate our low interest rates!

Your credit union has three main functions:

- Help you save regularly
- Loan money at fair interest rates
- Advise you on how to use your money wisely

Why not visit with one of our office staff today and see if the credit union isn't the answer to your financial needs?

Did you know we offer FREE checking?

We hear this from our members all the time so we thought we should run this piece again. The PAFCU established a checking account to help our members pay no monthly service charges or check charges they were paying at the large banks. Our checking account has no monthly service charges or check charges. A \$25 minimum balance is required. The only fee assessed to this account is for using ATM machines and check orders. the VISA CHECK CARD is free. So stop spending your money on needless fees and open a checking account today.

LOAN RATES

Type of Loan	Maximum Amount	Annual % Rate	Maximum Term	Requirements
1st Mortgage (1)*	Up to \$1,000,000.00	For current rates, and more info, call 1-800-503-6855 or 770-506-7476	30 years only 15 years only 7/23 years only 5/25 years only Call Credit Union	Creditworthy subject to terms of secondary mortgage market; call Credit Union for an application
2nd Mortgage & Home Equity (*5)	\$200,000	Prime 4.25%	15 years	Creditworthy; 80% of appraised value minus mortgage balance
New: Auto, Truck, RV, Camper, Boat, Motorcycle (*2,5,6)	100% of sticker price	5.50%	1-5 years (6) Longer terms available Call Credit Union	Title Creditworthy
Used: Auto, Truck, RV, Camper, Boat, Motorcycle (*2,3,5,6)	85% of NADA retail value for models older than 3 years old	5.50%	1-5 years (6) Longer terms available Call Credit Union	Title Creditworthy
Share Secured	Amount of Shares	Variable Passbook Rate plus 1%	5 years	Shares
Signature (*5)	\$7,500	1 year 11.00% 2 years 12.00% 3 years 13.00% 4 years 14.00% 5 years 15.00%	5 years	Creditworthy; past credit record; reviewed annually
VISA	\$10,000	13.56%	Unpaid Balance	Creditworthy
CD Secured	100% of CD face value	1% above rate on CD	Terms of CD	Certificate

*1 Conventional mortgages up to 90% of appraised value with private mortgage insurance. Loan amounts of \$80,000 to \$100,000 have discount, origination and closing costs of 3.5%; loan amounts of \$100,000 to \$159,000: 2%. Buy downs available. Call for details.

*2 PAFCU auto loans cannot be refinanced to get a lower rate.

*3 Refinanced auto loans are made at loan values in current NADA book.

*4 Titles are accepted as collateral at NADA retail value and stock at 80% of current value.

*5 Petroleum Associates Federal Credit Union will pay off any new or used auto loan held with another financial institution. Above rates would apply to refinancing in the absence of any special loan promotion. Note: Auto loans currently held by Petroleum EFCU not eligible for refinancing.

*6 Longer terms are available. Please call nearest office for more details.

* For current first mortgage rates, please call 1-800-503-6855.

The following is required by the Truth In Lending Act - Regulation Z:

You pay a FINANCE CHARGE for all money borrowed from the Credit Union. The FINANCE CHARGE is computed at the time each payment is made. For each day since the previous payment, the unpaid balance of your loan is multiplied by the daily periodic rate. The sum of this product equals the FINANCE CHARGE.

How we compute loans: Petroleum Associates Federal Credit Union calculates simple interest based on a 365-day year. For example, take your loan balance from the last date of payment or day of a new loan, multiply times the number of days elapsed from that date to present, multiply by the interest rate (10%: .1), divide by 365 days and that equals the current interest due. Example: Your last statement was 1/1/95, loan balance \$5,000.00, interest rate is 10%, today's date is 2/25/95. The calculation is \$5,000 x 56 days x .10 365: \$76.71 interest due. Standard repayment procedure is payroll deduction, but a cash pay schedule is also available to members without access to deductions. Additional payments or total payoff of a loan may be made at any time without any prepayment penalty. Interest is computed only on the unpaid balance.

Everyone in Your Family Can Join!

ANY EMPLOYEE is eligible for membership

ANY RETIRED EMPLOYEE is eligible for membership

FAMILY MEMBERS are eligible for membership

Spouse • Brothers • Sisters • Children • Parents • Grandparents • Grandchildren

LOANS

Many different types of loans are available for members. You can apply in person, by phone or mail.

But remember, no one can borrow until someone saves... that's why thrift is so important.

DEPOSITS

Deposits may be mailed or brought to the Credit Union. Or, you can save by payroll deduction. Withdrawals can be handled by phone, by mail or in person. Withdrawal checks are issued promptly.

SAVINGS

Our Credit Union welcomes your savings and protects every dollar you save. Our membership in the National Credit Union Administration (NCUA) means that the savings of each member is insured up to \$100,000 by an agency of the U.S. Government.

Please visit our web site at: www.paefcu.org or contact us at: paefcu@aol.com or (company email) atltecu@starent.com

SAVINGS RATES

Type of Account	Annual % Rate	Annual % Yield	Rate Changes	Charges & Dividends
Passbook Savings and IRAs (\$100 minimum balance) and Christmas Club (\$10 minimum)	1.25%	1.26%	90 day account, interest accrued and paid quarterly. 1	Rates adjusted quarterly based on market conditions. Fees-None
CD's & IRAs*** (\$500 minimum balance) Rates fixed at time of purchase	12 months 1.75% 30 months 2.50% 60 months 3.50%	1.76% 2.53% 3.56%	Rates subject to change weekly 30 months 60 months	based on market conditions
Money Market Accounts** (\$1000 minimum balance)	.50%	.50%	No service or per-check fee Interest paid monthly or service charge except for check order charges.	Rates subject to change monthly based on market conditions. No monthly fees
Regular Checking Accounts**	.25%	.25%	No service or per-check fee Interest paid monthly	Rates subject to change monthly based on market conditions. No monthly fees or service charge except for check order charges.
Super Money Market Account (minimum balance \$10,000)	1.00%	1.00%	No service or per-check fee Interest paid monthly	Rates subject to change monthly based on market conditions. No monthly fees or service charge except for check order charges.

*Rates effective 1-1-03 through 3-31-03. Call the Credit Union for current rates.
For current rates call the branch nearest you.

**Rates effective 1-1-03 through 3-31-03

***Rates effective 1-1-03 and are subject to change.

Free Life Insurance on Share Accounts

When you open your share account, you become an owner of Petroleum Associates Federal Credit Union. That is why it's called a share account: you own shares of the Credit Union. One of the benefits you receive as an owner of the Credit Union is life insurance at no charge. Coverage is based on the total balance on deposit in your share account up to \$3,000.00. Terms subject to the qualifying requirements of the Credit Union's group life insurance policy.

Call the Credit Union for a copy of the Certificates of Insurance explaining the benefits in detail.

This insurance is provided for you free of charge. The amount of your insurance is based on the insured balance of your savings on the date of your death and how old you were on the date of each deposit that makes up that balance as follows:

<i>If your age on the date of an insured deposit was:</i>	<i>The amount of your insurance is equal to:</i>
0-6 months	25% of that insured deposit
6 months through 54 years	100% of that insured deposit
55 years through 59 years.....	75% of that insured deposit
60 years through 64 years.....	50% of that insured deposit
65 years through 69 years.....	25% of that insured deposit
70 years or older	0% of that insured deposit

Please note your insurance is based on your age on the date of each deposit for which you are insured and does not decrease as you grow older. Withdrawal of savings will be on a last in - first out basis. The insured portion of your savings balance may not exceed \$3,000.00.

How to figure your Average Daily Balance

For share drafts, Christmas Club, IRA and passbook savings, it's easy to figure your average daily balance. For example, say you have a savings account with a balance of \$352.40 on November first and want to know your average daily balance for that month. Add each day's balance in the dividend period:

Day in Period	Date	Daily Balance
1	11/1	\$352.40
2	11/2	\$352.40
3	11/3	\$352.40
4	11/4	\$252.40
5	11/5	\$252.40
6	11/6	\$251.40
7	11/7	\$199.25
8	11/8	\$165.54
9	11/9	\$165.54
10	11/10	\$165.54
11	11/11	\$40.44
12	11/12	\$40.44
13	11/13	\$0.00
14	11/14	\$0.00
15	11/15	\$1030.84
16	11/16	\$941.83
17	11/17	\$901.83
18	11/18	\$901.83
19	11/19	\$890.77
20	11/20	\$11.07
21	11/21	\$11.07
22	11/22	\$11.07
23	11/23	\$11.07
24	11/24	\$261.41
25	11/25	\$261.41
26	11/26	\$261.41
27	11/27	\$261.41
28	11/28	\$261.41
29	11/29	\$261.41
30	11/30	\$261.41
		\$9131.41

Calculation: The sum of the daily balances divided by 30 days in period equals the Average daily balance: \$9131.41 ÷ 30 = \$304.38
Multiply the Average daily balance by the number of days in dividend period: \$304.38 x 30 = \$9131.40. Multiply this amount (\$9131.40) by the dividend rate (3.00%) and divide by 365 (days in a year) \$9131.40 x .03 = 365 = \$75.

Note: On share drafts, money market accounts, dividends are paid only on balances of \$250 or more. On savings accounts, we pay on balances of \$100 or more.

Day-in, day-out calculation

For certificate accounts, it's easy to figure your day-in, day-out balance. For example, say you have an account with a beginning balance of \$52.40. Add each day's balance in the dividend period:

Day in Period	Daily	Daily Balance
1	11/1	\$52.40
2	11/2	\$52.40
3	11/3	\$52.40
4	11/4	\$52.40
5	11/5	\$52.40
6	11/6	\$51.40
7	11/7	\$199.25
8	11/8	\$165.54
9	11/9	\$165.54
10	11/10	\$165.54
11	11/11	\$40.44
12	11/12	\$40.44
13	11/13	\$0.00
14	11/14	\$0.00
15	11/15	\$30.84
16	11/16	\$941.83
17	11/17	\$901.83
18	11/18	\$901.83
19	11/19	\$890.77
20	11/20	\$11.07
21	11/21	\$11.07
22	11/22	\$11.07
23	11/23	\$11.07
24	11/24	\$261.41
25	11/25	\$261.41
26	11/26	\$261.41
27	11/27	\$261.41
28	11/28	\$261.41
29	11/29	\$261.41
30	11/30	\$261.41
		\$6631.40

Calculation: Multiply this amount (\$6631.40) by the dividend rate (3.00%) and divide by 365 (days in year) \$6631.40 x .03 = 365 = \$55.

Note: On IRA and regular certificates, dividends are paid only on balances of \$500.00 or more. These accounts carry a fixed rate.



PAFCU REFERENCE

Atlanta (Main Office)
4127 Winters Chapel
Droaville, GA 30360
Local 770-936-7040
Toll-Free 877-833-2800
Fax: 770-936-4627
Mon-Thurs 7:00-3:45
Fri 7:00-2:45

ELB Branch
1100 Louisiana Room 2320
Houston, TX 77002
1100 Louisiana Room 2320
Houston, TX 77002
1100 Louisiana Room 2320
Houston, TX 77002
1100 Louisiana Room 2320
Houston, TX 77002
1100 Louisiana Room 2320
Houston, TX 77002

Florida Branch
Colonade Hotel Bldg. 4th Floor
2333 Ponce De Leon
Houston, TX 77002
#443, Coral Gables, FL 33134
786-552-6009
Fax: 786-552-6029
Mon-Fri 8:00-1:30

Heritage Plaza Branch
1111 Bagby Street, Skylobby Room SL38
Houston, TX 77002
713-752-3803
Fax: 713-752-3805
Mon-Thurs 7:30-3:30
Fri 7:30-2:30

Northborough Branch
12700 Northborough Room 179
Houston, TX 77067
281-874-2281
Fax: 281-874-2282
Mon-Thurs 7:30-12:30/1:15-3:30
Fri 7:30-12:30/1:15-2:30

Bellaire Branch
4800 Fournace Plaza Room W-108
Bellaire, TX 77401
713-432-6722
Fax: 713-432-6727
Mon-Thurs 7:30-12:30/1:15-3:30
Fri 7:30-2:30

Charleston Lubricants Plant
4950 Virginia Avenue
N. Charleston, SC 29045
843-308-7254
Mon-Wed-Fri 10:00-3:30
Closed 12:00-12:30

Please visit our web site at: www.paefcu.org or contact us at: paefcu@aol.com or (company email) atltecu@starent.com