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

2nd Quarter, 2003

PETROLEUM ASSOCIATES

(FORMERLY TEXACO EMPLOYEES FEDERAL CREDIT UNION)

FEDERAL CREDIT UNION NEWSLETTER

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

ATM/DEBIT CARD SECURITY

Electronic banking safety tips

Drive up ATM security

- ◆ Keep your doors locked, windows up and engine running when in line at a drive-up ATM.
- ◆ Always leave enough room between vehicles to allow for a quick exit should it become necessary.
- ◆ Before rolling down the window to use an ATM, observe the entire area.
- ◆ Minimize the time spent at the ATM.
- ◆ If anyone or anything appears suspicious, cancel your transaction and drive away at once.
- ◆ If anyone follows you after making an ATM transaction, drive immediately to a crowded, well lit area and call the police.

Point-of-sale POS security

- ◆ Never allow the cashier or any other person to enter the PIN for you, even if they are assisting you with the transaction.
- ◆ Block the view of others when using a POS terminal.
- ◆ Be certain the transaction is complete and review your receipt before leaving.
- ◆ If you receive cash back from a transaction, put it away before leaving.
- ◆ When using an outdoor POS terminal, if anyone or anything appears to be suspicious, leave the area at once.
- ◆ It is a good idea to take another person with you when using an outdoor POS terminal at night.
- ◆ If anyone follows you after making a POS transaction, drive immediately to a crowded, well lit area and call the police. ▲

Tap the Equity in Your House

There's something about summer that inspires people to take stock. Does your house need sprucing up? Do you need a new car? Are college expenses just around a corner? If so, consider a credit union home equity loan to help you pay for it all.

You can tap the equity in your house via a home equity line of credit (open-end credits) or a home equity loan (closed-end credit).

A PAFCU line of credit, like a credit card, provides you with a borrowing limit. You access the money when you need it.

A PAFCU home equity loan is a lump-sum second mortgage, with an adjustable rate and repayment period of fifteen years. It's appropriate if you need a set amount for a specific purpose and your not looking for a future draw.

Loans tied to houses are some of the only tax-deductible loans around. You can deduct home equity interest on loans (Confirm with your tax adviser).

A sound financial position and the equity in your house add up to real savings when you take advantage of a PAFCU home-equity loan or line of credit. Let us help you pay for those home fix- its, that new car, or rising college costs. ▲

Summer Special
4.90%*
See Loan Rates

It's that simple!

If you need a loan for a new or used car, the credit union is your best bet. Because were a not-for-profit financial cooperative, we have the best loan rates around - better than banks, better than finance companies, better than anyone.

We want you to see us before you borrow from anyone else to buy a car or truck (6676). If you do, you'll save money. It's that simple.

See us first and save! ▲

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

WIN \$10

If you find your account number hidden in this newsletter, call one of the Credit Union offices. We'll deposit \$10 into your account.

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

A 1.00% DIVIDEND was declared for the second quarter 2003 by the PAFCU Board of Directors.

Returns-how are they processed?

Below is a brief overview of the life of a return item –

Day 1- A check is written and deposited into a local bank that has an account with the Federal Reserve. The bank then deposits the check into the Federal Reserve at the close of business to be processed.

Day 1-2 - the Fed sorts and dispatches the checks to the paying institution for payment.

Date 2-3 - The paying institution receives the check and determines if funds are available within the customer's account. The paying bank then determines the check should be returned unpaid.

Date 3-4 - The check is re-deposited with the Fed as a returned item and re-directed to the Bank of first deposit.

Depending of such factors as location of paying institution, bank of first deposit, or internal operations this process could take longer than to 3-4 days. ▲

Ready for Takeoff!

Before you leave on that long-awaited vacation, have you:



- ✍ Called your newspaper office to stop paper delivery?
- ✍ Called your post office to have them hold your mail?
- ✍ Asked a trusted neighbor to keep an eye on your house?
- ✍ Packed your credit union? Well, sort of. You can take us along in the form of a Vacation Loan and Traveler's Checks! Also, don't forget to bring your PAFCU VISA card and your PAFCU ATM card, which gives you access to the worldwide Cirrus Network.

Bon Voyage! And remember to take Petroleum Associates Federal Credit Union along with you! ▲

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.

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	4.90%	1-5 years (6) Longer terms available Call Credit Union	Title Creditworthy
Used: Auto, Truck, RV, Camper, Boat, Motorcycle (*2,3,5,6)	100% of NADA retail value for no more than 3 years old. 85% of NADA retail value for models older than 3 years old.	4.90%	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.

Your Federal Share Insurance



Federal share insurance:

Your warranty of Safety

Credit unions insured by the National Credit Union Share Insurance Fund (NCUSIF), an arm of the **National Credit Union Administration (NCUA)** are protected by federal deposit insurance. NCUA is an independent agency of the United States government. Insured credit unions display this symbol:



Who pays for federal share insurance?

The cost for this important credit union benefit is borne by credit unions. As a member, you do not pay directly for your share insurance protection.

Your shares and savings are not only insured by the federal fund, the fund is also fully backed by the U.S. government. *Not one penny of insured savings has ever been lost by a member of a federally insured credit union.*

How much coverage does each credit union member have?

Share accounts in federally insured credit unions are insured up to \$100,000—just as the FDIC coverage at banks. Generally, if the credit union member has more than one individual account in the same insured credit union, the accounts are added together and are insured up to \$100,000. Shares maintained in different legal ownership capacities may each be separately insured. There are numerous combinations of accounts which can increase the total coverage.

Are shares in different credit unions insured separately?

Yes. If a member has accounts in several different insured credit unions, the maximum of \$100,000 is applicable to share accounts in each insured credit union. In the case of a credit union having one or more branches, the main office and all branch offices are considered as one credit union.

How are IRAs, Keogh and Deferred Compensation accounts covered?

With federal share insurance through NCUA, these types of accounts are insured **separately up to \$100,000** from other accounts that the member maintains at the same credit union.

To learn more about your credit union share insurance and how to maximize your coverage, drop by your credit union!

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 IRA's (\$100 minimum balance) and Christmas Club (\$10 minimum)	1.00%	1.00%	90 day account, interest accrued and paid quarterly. 1	Rates adjusted quarterly based on market conditions. Fees-None
CD's & IRA's*** (\$500 minimum balance) Rates fixed at time of purchase	12 months 1.50% 30 months 2.25% 60 months 3.25%	1.51% 2.27% 3.30%	Rates subject to change weekly 30 months 60 months	based on market conditions
Money Market Accounts** (\$1000 minimum balance)	.25%	.25%	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**	.10%	.10%	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)	.75%	.75%	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 4-1-03 through 6-30-03. Call the Credit Union for current rates.
For current rates call the branch nearest you.

**Rates effective 6-1-03 through 6-30-03

***Rates effective 6-16-03 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
713-277-9023
Fax: 713-277-9024
Mon-Thurs 7:30-12:30/1:15-3:30
Fri 7:30-12:30/1:15-2:30

Florida Branch
Colonade Hotel Bldg. 4th Floor
2333 Ponce De Leon
#443, Coral Gables, FL 33134
786-552-6009
Fax: 786-552-6029

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 Road 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