



VOLUNTARY FEES



Why The Credit Union (CU) Needs Voluntary Fees

Typical CUs charge interest on loans to pay for their expenses and to build and maintain their Net Worth.

- The CU expects \$18-\$24,000 in annual expenses. The \$3/month account fee, paid by all members, will not cover all expenses.
- Net Worth, in simplistic language, means assets that belong to the CU, and these assets can be used to pay for the CU's expected and unexpected expenses, loan losses, etc. The NCUA, the federal agency that regulates credit unions, requires CUs to maintain Net Worth of at least 7% of the total assets of the CU. A simple example: If a CU receives \$100,000 in funds in member deposits, the CU must have \$7,000 in funds for the \$100,000 deposits received. Please visit the NCUA's website for more information about Net Worth.

The CU is trying to keep its account fee as low as possible to allow more people to join. The CU needs help from members who can afford to support the CU with the Volunteer fees. **A member can start, suspend, or stop these fees at any time.**

Net Worth Program Fee

\$7/month, non-refundable

The purpose of this fee is to build the CU's Net Worth – the CU's goal is to have a Net Worth of 14%. This fee will not be charged if the CU's Net Worth is at least 14% AND if the member has already paid a certain amount. A new member should expect to pay this fee for several months.

Regular Lending Program Fee

\$10 to \$250/month

The purpose of this fee is to build the CU's Net Worth as well as provide additional capital to the CU for issuing loans. This fee is refundable but the refund **depends on the CU's financial condition** at the time the member requests a refund. The CU will not issue any refunds in the first 3 years. And the maximum refund per member per month is \$100.

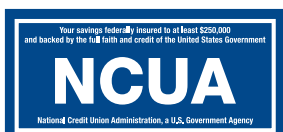
Financial Hardship Lending Program Fee

Amount determined by member.

Members may pay this monthly or in response to a CU email requesting funds for a Financial Hardship Loan.

This fee is non-refundable. The CU will use the funds to issue a Financial Hardship loan. As the CU receives loan payments from the borrower, the CU will convert a proportion of the member's FHL fee to Regular Lending Fee.

Visit our website for more details: www.JafariCU.com.



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