



JEFFERSON COUNTY FEDERAL CREDIT UNION

A COMMUNITY CREDIT UNION

Board Packet

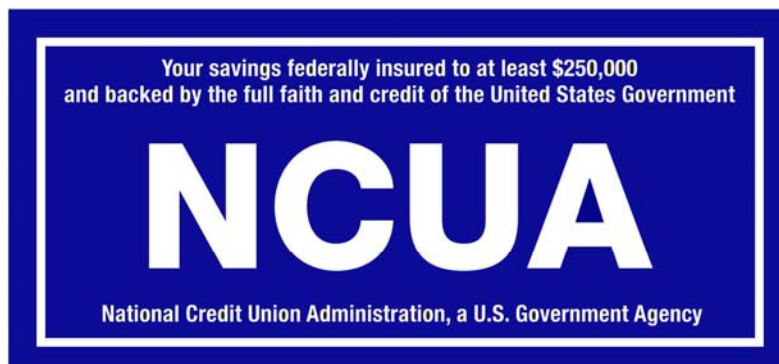


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**JEFFERSON COUNTY FEDERAL CREDIT UNION
BOARD OF DIRECTORS MEETING
AGENDA**

September 23, 2009

1. Approval of Minutes
 - a. August 26, 2009 - Board *
 - b. September 9, 2009 - Board *
 - c. August 26, 2009 – Supv. Comm. *
2. Correspondence
 - a. NCUA
 - i. 09- Risk 01 * IS&T Security w/Enclosure
 - ii. 09- RA 08 * Protect Tenants of Foreclosed Property w/Enclosure
 - iii. 09- RA 09 * Examination Lending Procedures
 - iv. 09-Fraud-02 * Electronic Services Fraud
3. Treasurer's Report
 - a. Financial Statement *
 - b. P & L Statement Compared to Budget Monthly & Year-To-Date *
4. President's Report *
5. Senior Vice President Report – Marketing *
6. Report of Committees
 - a. Annual Meeting
 - b. Employee Grievance
 - c. Executive
 - d. Facilities
 - e. Investment and Asset Liability Management - (In President's Report)
 - f. Marketing
 - g. Membership
 - h. Nominating/Bylaws
 - i. Personnel & Policy
 - j. Planning
 - k. Policy
 - l. Risk Management
 - m. Supervisory
7. Unfinished Business
 - a.
8. New Business
 - a. Loan Officer Approval *
 - b. Investment Report Approval *
 - c. Assets In Process * 1 for \$5,600.47
 - d. Loan Charge Off Policy Exception * - 3 for \$10,394.64
 - e. Loan Charge Off * - 20 for \$67,730.60
 - f. Review Loan Allowance Account * - Increase September's transfer by \$22,000.
 - g. Review Overdraft Loan Allowance Account * -
Forego September's scheduled Income transfer of \$125 and transfer \$250 back to income.
 - h. Declare Dividend * For 3rd Quarter 2009
 - i.
9. Adjournment

*** Indicates Documentation Attached**

JEFFERSON COUNTY FEDERAL CREDIT UNION

MINUTES - BOARD OF DIRECTORS MEETING

DATE: August 26, 2009
TIME: 8:30 A.M.
LOCATION: Board Room – Main Office

Roll Call

William Eskridge - Chairman	(WE)	Present
Steve Schweitzer - Vice-Chairman	(SS)	Present
Wendell Wright – Treasurer	(WW)	Present
Ed Davis - Secretary	(ED)	Present
Larry Dodson - Director	(LD)	Present
Marilynn Hettich - Director	(MH)	Excused
Barbara Hays - Director	(BH)	Present
Susan Clifton – Supv. Comm.	(SC)	Present
Stan Robinson – Supv. Comm.	(SR)	Present
Joshua Jackson – Supv. Comm.	(JJ)	Present
Gary Fischer – Supv. Comm.	(GF)	Present
Richard Koch – Supv. Comm.	(RK)	Present
Carl Hicks - President and CEO	(CH)	Present
Gary Edelen – Sr. Vice President	(GE)	Present

Chairman Eskridge called the meeting to order at 8:30 AM.

A motion was made by LD and duly seconded by SS to approve the minutes of 07-22-09 and 08-12-09. Vote Taken – Motion Carried.

All correspondence listed was discussed and explained to the Board's satisfaction by CH.

TREASURER'S REPORT

WW reported the following. The key ratios and other pertinent data for the most major areas impacted (before CUSIP & NCUA assessment and after) are compared below. The operation before the assessment is within 10% of our budgeted income. Income from overdraft fees, investments and loans continue to be the big lagers. Our loan growth projection increased for July which helps. Our YTD bottom line without the assessment expense is within \$11,000 or ½ % of budget. There was a decrease in deposits from the previous month of \$419,000 and an increase of \$8,700,000 year to date. Loan volume for the month showed an increase of \$584,000 and net loans showed an increase of \$884,000 for the month and an increase of \$1,505,000 year to date. We will continue to closely monitor the competition and the overall operation for additional adjustments to dividend and income to benefit the members.

FINANCIAL DETAIL COMPARISON

Major Areas of Impact	REASON	BEFORE	AFTER	Difference
Assets	CU-SIP	96,031,227	121,031,227	25,000,000
Average Assets	CU-SIP	92,845,506	114,274,078	21,428,572
Investment Balance	CU-SIP	51,822,238	76,822,238	25,000,000
NET WORTH	CU-SIP	13.65%	10.84%	-2.81%
Long Term Assets	CU-SIP	22.58%	17.92%	-4.66%
Total Loans / Assets	CU-SIP	40.54%	32.16%	-8.38%
Fixed Assets	CU-SIP	1.64%	1.30%	-0.34%

INC- NET- YTD	NCUA	378,005	258,593	-119,412
Return on Average Assets	NCUA	0.70%	0.31%	-0.39%

A motion was made by LD and duly seconded by ED to approve the report as printed and presented. Vote Taken - Motion Carried.

PRESIDENT'S REPORT

CH discussed and explained all of the printed report that ultimately becomes a part of these minutes as well as the additional items enumerated below.

1. An update was given regarding NCUA assessment and how future hits might be handled particularly as it pertains to PIC at KCFCU.
2. We are currently interviewing to fill the vacancy created in the administrative area due to the resignation of Barbara Briggs and seem to be getting acceptable training progress in the support service area filled last month.
3. It was noted that to date SS and ED had committed for the KCUL annual meeting. If anyone else is interested I must know by next month's meeting.
4. A detailed discussion ensued on the new ID theft program.

A motion was made by SS and duly seconded by BH to approve the entire report as printed and discussed. Vote Taken – Motion Carried.

SENIOR VICE PRESIDENT'S REPORT

GE reported that we had 71 TV commercials on three stations. Our business development person has been working on outside marketing and had an onsite enrollment this week. A motion was made by SS and duly seconded by BH to approve as printed and discussed. Vote Taken - Motion Carried.

ANNUAL MEETING COMMITTEE - No Report

EMPLOYEE GRIEVANCE COMMITTEE - No Report

EXECUTIVE COMMITTEE – No Report

FACILITIES COMMITTEE – No Report

INVESTMENT & ASSET/LIABILITY COMMITTEE - Contained in President's report.

MARKETING COMMITTEE - Contained in President's report.

NOMINATING/BYLAWS COMMITTEE – No Report

PERSONNEL & POLICY COMMITTEE – No Report

PLANNING COMMITTEE – No Report

POLICY COMMITTEE– No Report

RISK MANAGEMENT COMMITTEE - No Report

SUPERVISORY COMMITTEE

SC reported that they had the second quarter audit and would meet after this meeting to finish reviewing it and report back next month.

UNFINISHED BUSINESS - None

NEW BUSINESS

A motion was made by WW and duly seconded by LD to approve the loan officer's report. Vote Taken - Motion Carried.

A motion was made by SS and duly seconded by ED to approve the Investment & Asset Liability/Committee's report. Vote Taken - Motion Carried.

A motion was made by WW and duly seconded by BH to adjourn at 9:10 AM. Vote Taken - Motion Carried.

Chairman

Secretary

**JEFFERSON COUNTY FEDERAL CREDIT UNION
MINUTES - BOARD OF DIRECTORS SPECIAL MEETING**

DATE: September 9, 2009
TIME: 8:30 A.M.
LOCATION: Holiday Inn – Hurstbourne Lane

Roll Call

William Eskridge - Chairman	(WE)	Present
Steve Schweitzer - Vice-Chairman	(SS)	Excused
Wendell Wright – Treasurer	(WW)	Present
Ed Davis - Secretary	(ED)	Present
Larry Dodson - Director	(LD)	Present
Marilynn Hettich - Director	(MH)	Excused
Barbara Hays – Director	(BH)	Excused
Carl Hicks – President and CEO	(CH)	Present

Chairman Eskridge called the meeting to order at 8:30 A. M. The following items were discussed and CH's report and the attachments becomes a part of these minutes.

1. **Financials** – Financials are not ready but we did have good net loan growth and a small deposit growth.
2. **Deposit Rates** – Still very competitive in all areas.
3. **NCUA\US CENTRAL Write down** – Further perceived impairment at USC by NCUA will devalue capital at KCFCU and may further devalue our capital deposits at KCFCU resulting in an additional write off. I will keep you posted. NCUA is considering shifting the responsibility from retail corporate to natural person credit unions to maintain stock ownership in USC in the future.
4. **KCUL Meetings** –SS and ED will attend the annual meeting so far. A motion was made by LD and duly seconded by WW to appoint CH as the voting delegate and ED as the alternate. Vote Taken - Motion Carried.
5. **Other Meetings** – Staff Training 10-12-09, Planning 11-21-09. Gary & I will be in Memphis the majority of the week of 10-05-09.
6. **Staff Update** – Our new Administrative Officer, Leah Wilkerson started 09-01-09.
7. **FED's New Credit Card Rule** – We continue to comply via a special mailing.
8. **MARKETING** – We are coming up with a new generic (all services) commercial as the others are getting old.
9. **NEW ID THEFT PROGRAM** – Is up and running. The details are available on the website as a follow up to the newsletter disclosure that went out last month.
10. **E-Statements** – We are running another promotion for the fourth quarter and giving an iPod away like last time.
11. **HV BRANCH ACTIVITY** – See Below

Current Month	2008	=	2,811	2009	=	3,233	Difference	+422
Year To Date			24,880		=	26,242	Difference	+1,362
Working Days					=	167	Difference	+8.2 Daily
12. **Fifth Third Problem** – Townsend – The letter CH sent was reviewed and it was agreed that a letter to their board of directors would be sent if we do not receive a satisfactory solution today.
13. **IT – Fortress and Interspace** – Peak 10 is increasing the contract with Fortress by 20%. AT&T is also projecting an increase. Our contract with Fortress is up in February. We will be seeking at least equal if not a better solution that is more cost effective. Other alternatives for these two vendor relationships via Fortress will be reviewed in depth prior to signing a new contract including a direct relationship with connectivity

14. **Supervisory Committee Vacancy** – The Board is in pursuit of various individuals under consideration for a suitable replacement for Richard Koch. This vacancy will be filled no later than next year's annual meeting and if required in the interim a board member will be appointed to temporarily fill the vacancy.

All the above items were discussed and reviewed by the Board. There being no further business WE declared the meeting adjourned at 9:40 A.M.

Chairman

Secretary

JEFFERSON COUNTY FEDERAL CREDIT UNION

MINUTES - SUPERVISORY COMMITTEE MEETING

DATE: August 26, 2009
TIME: 9:15 A.M.
LOCATION: Board of Directors Conference Room - Main Office

Members Present

Susan Clifton	(SC) – Chair
Stan Robinson	(SR)
Gary Fischer	(GF)
Richard Koch	(RK)

SC advised that the second quarter audit report was received from Kling. It was thoroughly reviewed and all areas reviewed were found to be in order. There were a few minor exceptions: (1) Two cash drawers were out of balance by \$.02 and \$.50, (2) one loan made did not have a lookup on the vehicle, (3) There was some date exceptions on the ACH transmission file that were researched and found to be in order. Documentation is attached. There was nothing else note worthy.

The expense disbursements for the last two months were reviewed. All were found to be in order.

The new and closed accounts were reviewed for the past few months and some closed accounts selected for verification. It was noted that two from the prior batch had mail returned and no issues were reported.

The expense accounts for senior management were reviewed for the past few months and all was found to be in order.

With much regret the committee accepted the resignation of Richard Koch due to health reasons. The vacancy will be filled no later than the next annual meeting.

There being no further business SC adjourned the meeting at 10:15 AM.

Susan Clifton - Chair

NCUA RISK ALERT

NATIONAL CREDIT UNION ADMINISTRATION
1775 DUKE STREET, ALEXANDRIA, VA 22314

DATE: August 2009 **RISK ALERT NO.:** 09-Risk-01
TO: Federally Insured Credit Unions
SUBJ: Information Systems & Technology Application Security

Dear Board of Directors:

This Alert emphasizes the importance of application security as a key component of an information security program for credit union management and technology service providers. [Technology service providers generally include independent third-party processors, joint venture/limited liability corporations, bank service corporations, corporate credit unions, credit union service organizations and other organizations which provide technology-based products to credit unions.] Application security, as used in this Alert, refers to the creation, acquisition, and maintenance of software that is substantially free of vulnerabilities and supports the products and services of a credit union. Operating systems, generic office products, and other non-credit union software are not considered as part of this Alert.

In 2008, the number of electronic records breached was more than the combined amount for the previous four years. [2009 Verizon Business Data Breach Study at <http://www.verizonbusiness.com/us/resources/media/1008a1a3-111=129947-Verizon+Business+2009+Data+Breach+Investigations+Report.xml>] The financial sector accounted for 93 percent of all the records compromised last year. Organized crime was implicated by law enforcement in 90 percent of the records breached. Nearly all the records compromised were from online assets and while there is concern over mobile devices and portable media, 99 percent of all breached records were compromised from applications and servers. Application security, application testing, and application code review have never been more important to protect critical credit union member data and assets.

All applications, whether internally developed, vendor-acquired, or contracted by the credit union, need to be subjected to a risk assessment and risk mitigation process. Vulnerabilities in applications increase operational and reputation risks as unplanned or unknown weaknesses in applications may compromise the confidentiality, availability, and integrity of credit union data. While this guidance focuses on the risks and risk mitigation techniques associated with web-based applications, the principles contained in this Alert and Enclosure apply to all types of software utilized by credit unions and technology service providers.

If you have any questions or concerns, please contact your NCUA Regional Office or State Supervisory Authority.

Sincerely - Michael E. Fryzel

ENCLOSURE TO RISK ALERT- 09-Risk-01

INFORMATION SYSTEMS & TECHNOLOGY - APPLICATION SECURITY¹

BACKGROUND

Credit unions rely on applications to ensure accurate, timely, and confidential processing of data. Vulnerabilities,² particularly those associated with web-based applications,³ are increasingly the focus of attacks from external and internal sources for the purpose of committing fraud and identity theft.

Web-based applications are most frequently associated with Internet banking, bill payment, credit cards, electronic loan and member applications, and cash management services, but they do provide the mechanism for many other web services. Web-based applications are being targeted for several reasons including:

- Easy Internet access by all (members, non-members, employees, servicers, and vendors);
- Traditional network defenses (firewalls, intrusion detection/prevention systems) may not detect or prohibit unauthorized activity;
- Breached applications may provide perpetrators unauthorized access to sensitive data that supports the application (member nonpublic personal information,⁴ financial records); and

¹ The Office of the Comptroller of the Currency issued OCC Bulletin 2008-16 on May 8, 2008 on Application Security. NCUA has expanded on the guidance contained in the OCC Bulletin in this Risk Alert and Enclosure.

² See Appendix A – Common Vulnerabilities in Web-Based Applications.

³ A web-based application is an application that is accessed via a web browser over a network such as the Internet or an intranet.

• Known vulnerabilities due to weaknesses in application development, testing, and quality assurance⁵ processes. Some companies which develop applications mitigate application security risks by incorporating security into the development and quality assurance processes. Those processes include rigorous testing and well-defined recurring processes to identify and monitor vulnerabilities, notify users of vulnerabilities, and provide remediation or corrective measures (e.g., patches, etc.). Applications developed internally by the credit union, vendor-acquired,⁶ or contracted⁷ by the credit union, may not be subject to similar risk mitigation measures and may expose a credit union to increased risks. Two FFIEC Information Technology Examination Handbooks, *Information Security* and *Development and Acquisition*,⁸ provide basic guidance regarding application security. This letter expands on existing guidance and emphasizes the need for comprehensive application development and quality assurance processes integrating security for all applications.

RISK MANAGEMENT CONSIDERATIONS

As part of the information security program, management should determine all applications are developed and maintained in a manner that appropriately addresses risks to the confidentiality, availability, and integrity of data. Management should include application security in the risk assessment which is required by the National Credit Union Administration Rules and Regulations, Part 748, Appendix A.⁹ The scope of management's application security efforts may vary depending on its size and complexity and the nature of its software applications.

Key factors to consider in the risk assessment of an application include:

- Internet accessibility of the application;
- Ability to process or have access to sensitive data;
- Source of the application's development (e.g., in-house, vendor-acquired, or contracted);
- Extent of the secure practices used in the application's development process;
- Existence of an effective, recurring process to monitor, identify, and remediate or correct vulnerabilities (e.g., patch program, etc.); and
- Existence of a periodic assurance process (e.g., independent audit, code review, etc.) to independently validate the security of the applications.

Credit unions that purchase applications typically rely upon the vendors to provide secure applications. However, management remains responsible for ensuring the application meets the credit union's security requirements at acquisition and thereafter. Management should expand the vendor management due diligence program for purchased software to include application security considerations in the request for information (RFI) or request for proposal (RFP) process. An attestation in writing from the vendor that the software development process follows secure development practices and is periodically tested may suffice for some applications. For applications that present higher risks,¹⁰ management should require vendor evidence of adhering to sound processes and validation through third-party testing and/or audits. All applications purchased should be supported by appropriate vulnerability identification and remediation processes, including appropriate vendor support.¹¹ Additionally, credit union management should ensure the ongoing testing process (e.g., penetration tests, vulnerability assessments) includes in-house developed, vendor-acquired, and contracted for applications. Management should consider the following when evaluating applications for purchase:

- What are the vendor's risk-based processes for development and validation of the application security before, during, and after it is purchased?
- What are the vendor's notification processes whenever security vulnerabilities are identified by the vendor, reported by credit unions, other customers, or reported in media by others?
- Will the vendor provide timely mitigation or remediation solutions to identified security vulnerabilities?
- Does the vendor have an industry-recognized third party who conducts application vulnerability assessments on the applications, including security? If so, credit union management should before purchase or during the RFI/RFP process:
 - obtain the third party's name,

⁴ NCUA Rules and Regulations, Part 716.3(q)(1).

⁵ Quality assurance processes refers to planned and systematic production processes that provide confidence in a product's suitability for its intended purpose. It is a set of activities intended to ensure the product satisfies customer requirements in a systematic, reliable fashion.

⁶ Vendor-acquired software includes purchased "commercial off-the-shelf" credit union applications and those developed by a technology service provider, corporate credit union, credit union service organization (CUSO), or other vendor.

⁷ Contract for software is defined as that which is written for a credit union based on a defined contractual arrangement.

⁸ The FFIEC IT Examination Handbooks can be found at http://www.ffiec.gov/ffiecinfobase/html_pages/it_01.html.

⁹ Appendix A to Part 748 of the NCUA Rules and Regulations can be found at http://www.ncua.gov/RegulationsOpinionsLaws/rules_and_regs/NCUA%20R%20&%20R%20Book%201%20May%208%202008.pdf.

¹⁰ NCUA Letter to Credit Unions 05-CU-18, Guidance on Authentication in an Internet Banking Environment (November 2005), <http://www.ncua.gov/letters/2005/CU/05-CU-18.pdf>.

¹¹ Vendor support should include any changes to applications necessitated by security updates to other required software, such as operating systems.

- determine how often the assessment is conducted,
- determine the date of the last assessment,
- secure a copy of the most recent assessment, if possible,
- determine whether the application has any known open vulnerabilities,
- determine the nature of the vulnerabilities, and
- determine if the vendor is willing to share its secure coding processes and practices.
- If the vendor does not have a third party who conducts application vulnerability assessments, including security, can the vendor describe their internal methodology?¹²
- Is the vendor willing to conduct, or contract for, an assessment to provide assurance to the credit union regarding the security of the application?
- Where appropriate, management should include in the contract language the need for current and ongoing application vulnerability assessments, including security, and who will conduct the assessments. Depending on the risk profile of the application, management may request the full vulnerability assessment report or a summary.

To ensure maximum effectiveness, credit unions that develop applications in-house should consider following an enterprise-wide effort coordinated across business lines and include the following elements:

- Incorporate appropriate attack model/threats¹³ in the risk assessment to assist in determining the security and assurance requirements for the application;
- Analyze the environment in which the application will reside. As the environment changes, the security requirements and assurance needs for the application may also change;
- Ensure any open source application¹⁴ are also subject to appropriate development and assurance processes;
- Ensure appropriate personnel (i.e., management, developers, security, and auditors) are trained sufficiently to understand and be aware of risks associated with the credit union's technology environment;
- Engage in periodic application testing or validation based on a current risk assessment to ensure the ongoing and appropriate protection of transactions and member data. Testing consideration may include:
 - Static, dynamic, and functional¹⁵ evaluations, depending on the type and criticality of the application;
 - Automated evaluations using commercial or freeware tools, as well as manual interaction to supplement application tools;
 - Authenticated and non-authenticated user scenarios;
 - Comprehensive testing in a simulated production environment including appropriate operating systems and associated databases. The weakest link in several connected components may expose the entire system to compromise;
 - Implementation of lessons learned iteratively¹⁶ throughout the development and periodic testing process; and
 - Identification and monitoring of developed applications for vulnerabilities through an ongoing and defined process that includes appropriate communications and remediation.

Credit unions are encouraged to leverage upon available resources to assist in risk identification and improve application security practices. Software tools, industry resources, specific certifications, and education courses are available to provide assistance to enhance the credit union and technology service providers' application development architecture (e.g., software development lifecycle and assurance processes). The National Institute of Standards and Technology (NIST) Special Publication 800-64,¹⁷ Security Considerations in the System Development Life Cycle, provide resources to assist in applications security efforts.

Additionally, management should establish a mechanism to receive and respond appropriately to vulnerability reports from public and private sources, such as, US-CERT¹⁸, and any other groups that detect, analyze, and report vulnerabilities.

¹² Credit unions can utilize the guidance contained in the FFIEC IT Handbook Development and Acquisition

(http://www.ffiec.gov/ffiecinfobase/html_pages/d_a_book_frame.htm) as their guide when assessing the vendor's methodology.

¹³ The attack models/threats should address potential attacks on the entire system, including endpoints and end users who enter and/or retrieve information.

¹⁴ Issues related to open source software are addressed in NCUA Letter to Credit Unions 04-CU-14, Risk Management of Free and Open Source Software, November 2004. (<http://www.ncua.gov/letters/2004/04-CU-14.pdf> and enclosure <http://www.ncua.gov/letters/2004/04-CU-14-Encl-1.pdf>)

¹⁵ Static testing is typically associated with code review during the development process, also known as "white box" testing. Dynamic review is performed while the code is being executed in either a lab or production environment, also known as "black box" testing. Functional testing validates what should occur given an input or action by the user.

¹⁶ Iteratively in computing is the repetition of a process within a computer program.

¹⁷ NIST SP 800-64, Security Considerations in the System Development Life Cycle (<http://csrc.nist.gov/publications/nistpubs/800-64-Rev2/SP800-64-Revision2.pdf>).

¹⁸ United States Computer Emergency Readiness Team (<http://www.us-cert.gov/>).

APPENDIX A
Common Vulnerabilities in Web-Based Applications

VULNERABILITY	DEFINITION
Cross Site Scripting (XSS)	XSS is a type of computer security vulnerability typically found in web applications which allow code injection by malicious web users into the web pages viewed by other users. XSS allows attackers to execute script in the victim's browser that can hijack a users session, deface a web site, and possible introduce worms, Trojans, and other malware.
Injection Flaws	Injection flaws, particularly Structure Query Language (SQL), allow attackers to relay malicious code through a web application to another system. Injection occurs when user-supplied data is sent to an interpreter as part of a command or query. The attacker's hostile data tricks the interpreter into executing unintended commands or changing data.
Malicious File Execution (MFE)	Code which is vulnerable to remote file inclusion, a technique often used to attack Internet websites from a remote computer, which allows attackers to include hostile code and data. This could result in attacks that result in total server compromise. MFE attacks affect PHP, XML, and any framework which accepts filenames or files form users.
Insecure Direct Object Reference	A direct object reference occurs when a developer exposes a reference to an internal implementation object, such as a file, directory, database record, or key, as a URL or form parameter (i.e., form parameters store retrieved information that is included in the HTTP request for a web page). Attackers can manipulate those references to access other objects without authorization.
Cross Site Request Forgery (CSRF)	A CSRF attack forces a logged-on victim's browser to send a pre-authenticated request to a vulnerable web application, which then forces the victim's browser to perform a hostile action to the benefit of the attacker. CSRF can be as powerful as the web application that it attacks.
Information Leakage and Improper Error Handling	Applications can unintentionally leak information about their configuration, internal workings, or violate privacy through a variety of application problems. Attackers use this weakness to steal sensitive data, or conduct more serious attacks.
Broken Authentication and Session Management	Account credentials and session tokens are often not properly protected. Attackers compromise passwords, keys, or authentication tokens to assume other users' identities.
Insecure Cryptographic Storage	Web applications rarely use cryptographic functions properly to protect data and credentials. Attackers use weakly protected data to conduct identity theft and other crimes, such as credit card fraud
Insecure Communications	Applications frequently fail to encrypt network traffic when it is necessary to protect sensitive communications.
Failure to Restrict URL Access	An application only protects sensitive functionality by preventing the display of links or URLs to unauthorized users. Attackers can use this weakness to access and perform unauthorized operations by accessing those URLs directly.

Sincerely – Deborah Matz, Chairman

REGULATORY ALERT

NATIONAL CREDIT UNION ADMINISTRATION
1775 DUKE STREET, ALEXANDRIA, VA 22314

DATE: August 2009 **NO.:** 09-RA-08
TO: Federally Insured Credit Unions
SUBJ: The Protecting Tenants at Foreclosure Act of 2009

Dear Board of Directors,

The Helping Families Save Their Homes Act of 2009, P.L. 111-22, was signed into law on May 20, 2009. Title VII of this law, the Protecting Tenants at Foreclosure Act, ensures that tenants facing eviction as a result of foreclosure on the

properties they are renting have adequate time to find alternative housing. This law establishes a minimum time period a tenant can remain in a foreclosed property before eviction.

When a credit union takes title to a rental property after foreclosure, it must:

- Provide bona fide tenants with 90 days notice prior to eviction; and
- Allow bona fide tenants with leases to occupy property until the end of the lease term, with the exception that the lease can be terminated on 90 days notice if the unit is sold to a purchaser.

A lease or tenancy is considered bona fide if:

- The tenant is not the mortgagor or the parent, spouse, or child of the mortgagor;
- The lease or tenancy is the result of an arms-length transaction; and
- The lease or tenancy requires rent that is not substantially lower than fair market rent or is reduced or subsidized due to a Federal, State or local subsidy.

The law does not cover tenants facing eviction in a non-foreclosed property, tenants with a fraudulent lease, tenants who enter in lease agreements after a foreclosure sale, or homeowners in foreclosure. The law does not affect any state or local law that provides longer time periods or other additional protections for tenants.

Credit unions should be aware of their responsibilities under the Protecting Tenants at Foreclosure Act of 2009, and implement policies and procedures to ensure compliance with this law.

A complete copy of the Protecting Tenants at Foreclosure Act may be obtained at <http://www.gpo.gov/fdsys/pkg/PLAW-111publ22/pdf/PLAW-111publ22.pdf>.

If you have any questions regarding this regulation, please contact your district examiner, regional office, or state supervisory authority.

Sincerely – Deborah Matz, Chairman

REGULATORY ALERT & Enclosure

NATIONAL CREDIT UNION ADMINISTRATION 1775 DUKE STREET, ALEXANDRIA, VA 22314

DATE: September 2009 NO.: 09-RA-09
TO: Federally Insured Credit Unions
SUBJ: Interagency Fair Lending Examination Procedures
ENCL: Interagency Fair Lending Examination Procedures and Appendix

Dear Board of Directors:

The purpose of this Regulatory Alert is to assist credit unions in assessing compliance with fair lending laws and regulations by sharing the recently updated Interagency Fair Lending Examination Procedures issued through the Federal Financial Institutions Examination Council (FFIEC). (Federal Financial Institutions Examination Council member agencies include Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, National Credit Union Administration, Office of the Comptroller of the Currency, Office of Thrift Supervision, and the State Liaison Committee.) The FFIEC updated the procedures previously in effect since 2000 to expand upon the general guidance for identifying areas of potential risk. In addition, the procedures also address important contemporary issues such as:

- The risks and potential fair lending implications associated with using brokers or other third party entities for various aspects of lending operations;
- Management's practices relative to loan pricing and procedures for detecting potential disparities; and
- Management's practices for ensuring policies and procedures do not result in the inappropriate steering of borrowers to higher priced loan products.

In this challenging economic environment, credit unions continue to flourish in meeting the borrowing needs of their members and maintain a reputation for making fair credit decisions. As credit union officials, you can protect this important legacy through continued efforts in ensuring compliance with all laws and regulations applicable to fair lending. I encourage you to review the enclosed procedures and use the content as a basis for designing appropriate compliance programs. If you have any questions or concerns, please contact your NCUA Regional Office or State Supervisory Authority.

INTERAGENCY FAIR LENDING EXAMINATION PROCEDURES - CONTENTS

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Sincerely – Deborah Matz, Chairman



JEFFERSON COUNTY FEDERAL CREDIT UNION
Statement of Financial Condition -- August 2009

ASSETS		LIABILITIES	
LOANS	39,507,177.04	ACCOUNTS PAYABLE	2,866.52
ASSETS IN LIQUIDATION OF LOANS - RE	0.00	MONEY ORDERS	5,785.84
ASSETS IN LIQUIDATION OF LOANS - AU	0.00	TRAVELERS CHECKS	0.00
REAL ESTATE LOANS - TECUMSEH	<u>64,025.91</u>	AMUSEMENT PARK TICKETS	3,756.25
		KYCUPAC - FROM MEMBERS	10.00
		DEATH CLAIMS	273,059.93
TOTAL LOANS TO MEMBERS	39,571,202.95	EMPLOYEE 401(K) PLAN	0.00
ALLOW. FOR LOAN LOSSES	(264,350.23)	INSURANCE COMPANIES	9,757.82
ALLOW. FOR OVERDRAFT LOSSES	<u>(1,798.93)</u>	FLOOD DETERMINATION	72.00
		RECORDING FEES - CLERK	608.00
NET LOANS	39,305,053.79	ATTORNEY FEES	10,436.00
		APPRAISALS	<u>(1,320.88)</u>
		TOTAL ACCOUNTS PAYABLE	305,031.48
		DIVIDENDS PAYABLE	162,823.33
		CLF CU SIP NOTE PAYABLE	25,000,000.00
FIFTH THIRD	(209,962.88)	FEDERAL TAXES	0.00
VAULT CASH	494,482.12	KENTUCKY STATE TAXES	0.00
CHANGE FUND - ATM MACHINE	59,880.00	FEDERAL & STATE UNEMPLOY.	0.00
PETTY CASH	<u>50.00</u>	OCCUPATIONAL TAXES	0.00
CASH TOTAL	344,449.24	TAXES HELD ON DIVIDENDS	992.82
		ACCRUED PROPERTY TAXES	11,597.31
KENTUCKY CORPORATE FCU	17,937,887.06	PENALTIES ON PREMATURE IRA DISTR.	<u>0.00</u>
FEDERAL HOME LOAN BANK OF CINCINNATI	141,434.26	TOTAL TAXES PAYABLE	12,590.13
DEPOSITS - OTHER FINANCIAL INSTITUTIONS	33,686,000.00	ACCRUED EXPENSES	<u>416,791.59</u>
SHARE ONE CUSO INVESTMENT	100,000.00	TOTAL ACCRUED EXPENSES	416,791.59
LOAN TO CUCKY	0.00	ACCRUED NCUSIF STABILIZATION EXPENSE	119,412.23
CLF CU SIP INVESTMENT	<u>25,000,000.00</u>	UNAPPLIED EXCEPTIONS	67,032.25
TOTAL INVESTMENTS	76,865,321.32	TOTAL LIABILITIES	26,083,681.01
		CAPITAL	
ACCRUED INTEREST - LOANS	182,331.28	REGULAR SHARE ACCOUNTS	17,995,134.50
OTHER ACCRUED INCOME	13,095.80	CLUB ACCOUNTS	941,837.90
	<u>195,427.08</u>	SHARE DRAFT ACCOUNTS	5,112,092.34
TOTAL ACCRUED INCOME	195,427.08	CASH INVESTMENT ACCOUNTS	28,613,880.27
		CORPORATE CASH INVESTMENT	2,579,527.21
PREPAID & DEFERRED EXPENSES	<u>58,809.34</u>	REWARDS CHECKING	1,805,210.66
TOTAL PREPAID & DEFERRED	58,809.34	IRA - ACCUMULATION ACCOUNTS	1,499,014.41
		CERTIFICATES - REGULAR	19,537,564.61
LAND - MAIN & OUTER LOOP OFFICE	448,100.00	CERTIFICATES - IRA	3,873,015.03
BUILDING - MAIN & OUTER LOOP OFFICE	1,547,029.32	CERTIFICATES - TOTAL	<u>23,410,579.64</u>
IMPROVEMENTS - MAIN OFFICE	2,574.90	TOTAL SHARES	81,957,276.93
IMPROVEMENTS - BRANCH 1	1,429.11	REGULAR RESERVE	1,901,148.19
IMPROVEMENTS - BRANCH 2	0.00	RESERVE FOR CONTING.	0.00
IMPROVEMENTS - BRANCH 3	0.00	UNDIVIDED EARNINGS	10,957,014.11
IMPROVEMENTS - BRANCH 4	0.00	NET INCOME	<u>325,247.89</u>
ACCUM. DEPR. - MAIN & OUTER LOOP OFFICE	(522,126.75)	TOTAL CAPITAL	95,140,687.12
FURNITURE & EQUIPMENT	68,269.36		
COMPUTER EQUIPMENT	<u>26,174.16</u>	TOTAL CAPITAL & LIABILITIES	121,224,368.13
TOTAL FIXED ASSETS	1,571,450.10		
ACCOUNTS RECEIVABLE	0.00		
DEFERRED COMPENSATION	2,161,665.22		
CAPITAL DEPOSIT - CUCKY	65,664.00		
DEPOSIT - NCUSIF	<u>656,528.04</u>		
TOTAL OTHER ASSETS	2,883,857.26		
=====	=====		
TOTAL ASSETS	121,224,368.13		

Jefferson County Federal Credit Union
BUDGET REVIEW
August 31, 2009

	ACTUAL CURRENT	BUDGETED CURRENT	ACTUAL Y-T-D	BUDGETED Y-T-D	DIFFERENCE Y-T-D	PERCENT TOT INCOME
I N C O M E						
INTEREST ON LOANS	238,872.28	239,583.00	1,840,948.00	1,891,791.00	(50,843.00)	55.51%
INVESTMENTS	79,578.36	115,991.00	747,458.89	909,309.00	(161,850.11)	18.49%
INTEREST ON CLF CU SIP	20,299.30	0.00	130,958.81	0.00	130,958.81	4.72%
INSURANCE REIMB.	2,458.05	3,950.00	35,261.56	31,300.00	3,961.56	0.57%
MO & CHK FEE	429.50	425.00	3,277.67	3,400.00	(122.33)	0.10%
OVERDRAFT FEE	62,767.88	69,000.00	460,089.10	552,000.00	(91,910.90)	14.59%
WIRE TRANS. & CMO	285.50	325.00	1,949.50	2,450.00	(500.50)	0.07%
LOAN LATE FEE	5,384.46	4,400.00	37,443.85	35,200.00	2,243.85	1.25%
ATM SURCHARGE FEES	363.00	275.00	2,968.50	2,100.00	868.50	0.08%
SHARE DRAFT & ATM	1,932.67	2,450.00	15,376.39	19,500.00	(4,123.61)	0.45%
MISCELLANEOUS INC.	1,500.05	1,600.00	10,395.67	12,800.00	(2,404.33)	0.35%
LOCK BOX FEE	40.00	160.00	1,390.00	1,280.00	110.00	0.01%
ATM TRANSACTION FEE	510.00	800.00	4,461.00	6,400.00	(1,939.00)	0.12%
LOAN APPLICATION FEE	225.00	250.00	1,925.00	1,900.00	25.00	0.05%
MEMBERSHIP FEE	500.00	450.00	3,580.00	3,600.00	(20.00)	0.12%
C-CARD INCOME	0.00	225.00	1,795.20	1,700.00	95.20	0.00%
D-CARD INTERCHANGE	15,176.50	14,750.00	115,844.54	117,000.00	(1,155.46)	3.53%
TOTAL INCOME	430,322.55	454,634.00	3,415,123.68	3,591,730.00	(176,606.32)	100.00%
E X P E N S E S						
SALARIES - REGULAR	78,947.77	84,499.00	649,007.05	698,346.00	(49,338.95)	18.35%
SALARIES - OVERTIME	66.01	647.00	1,264.84	4,281.00	(3,016.16)	0.02%
CONTRACT EMPLOY.	0.00	400.00	0.00	3,200.00	(3,200.00)	0.00%
401K COSTS	3,393.52	3,661.00	29,082.21	30,213.00	(1,130.79)	0.79%
SOCIAL SECURITY TAX	5,966.48	6,514.00	48,848.77	53,750.00	(4,901.23)	1.39%
UNEMPLOYMENT TAX	68.52	475.00	5,118.84	3,800.00	1,318.84	0.02%
STAFF INSURANCE	14,600.09	16,200.00	114,458.10	126,000.00	(11,541.90)	3.39%
LOCAL TRAVEL	624.78	925.00	3,991.37	7,400.00	(3,408.63)	0.15%
VEHICLE MAINTENANCE	261.11	500.00	2,003.06	4,000.00	(1,996.94)	0.06%
OUT OF TOWN TRAVEL	263.53	900.00	2,482.68	7,200.00	(4,717.32)	0.06%
BOARD MEETING EXP.	2,507.68	1,340.00	5,553.72	10,720.00	(5,166.28)	0.58%
ASSOC. DUES & SUBSCR.	1,570.06	2,269.00	17,186.09	18,152.00	(965.91)	0.36%
OFFICE OCCUP. EXP.	11,977.61	15,477.00	107,989.66	117,138.00	(9,148.34)	2.78%
BLDG.-LAND IMPROV.	279.11	480.00	3,044.75	4,645.00	(1,600.25)	0.06%
TELEPHONE EXPENSE	1,762.43	1,842.00	12,842.14	14,736.00	(1,893.86)	0.41%
POSTAGE	3,898.78	5,900.00	37,264.08	46,300.00	(9,035.92)	0.91%
MAINT. OF EQUIP.	1,677.11	1,182.00	10,194.39	9,456.00	738.39	0.39%
STATIONARY & SUPP.	2,773.71	2,400.00	12,721.09	19,200.00	(6,478.91)	0.64%
INSURANCE	3,635.90	3,500.00	24,563.19	26,461.00	(1,897.81)	0.84%
DEPRECIATION - FURN.	3,283.87	3,613.00	28,079.81	30,480.00	(2,400.19)	0.76%
BANK SERVICE CHARGE	23,962.70	26,728.00	202,061.21	200,949.00	1,112.21	5.57%
COMPUTER EXPENSE	16,585.99	17,479.00	122,669.80	139,650.00	(16,980.20)	3.85%
EDUCATIONAL & PROM.	8,061.14	9,167.00	60,667.95	73,336.00	(12,668.05)	1.87%
LOAN SERVICING EXP.	8,413.92	6,745.00	68,428.78	52,475.00	15,953.78	1.96%
PROF. & OUTSIDE EXP.	8,369.65	10,863.00	73,436.89	87,907.00	(14,470.11)	1.94%
FEDERAL SUPERVISION	1,737.74	1,596.00	13,618.44	12,768.00	850.44	0.40%
NCUSIF INS. PREM.	0.00	625.00	119,412.23	5,000.00	114,412.23	0.00%
NCUSIF STABILIZATION EXPENSE	0.00	0.00	453,004.35	0.00	453,004.35	0.00%
CASH OVER & SHORT	278.97	100.00	487.21	800.00	(312.79)	0.06%
COST-BORROWED FUND	14,990.66	0.00	96,712.30	0.00	96,712.30	3.48%
ANNUAL MEETING EXP.	700.00	700.00	5,600.00	5,600.00	0.00	0.16%
MISCELLANEOUS EXP.	1,137.99	3,850.00	3,553.14	30,800.00	(27,246.86)	0.26%
TOTAL OPER. EXP.	221,796.83	230,577.00	2,335,348.14	1,844,763.00	490,585.14	51.54%
ALLOWANCE - LOAN LOSS	18,500.00	18,500.00	163,911.00	148,000.00	15,911.00	4.30%
ALLOWANCE - OVERDRAFT LOSS	125.00	125.00	(818.00)	1,000.00	(1,818.00)	0.03%
DIVIDENDS	123,245.83	146,600.00	1,048,806.00	1,149,269.00	(100,463.00)	28.64%
(GAIN)LOSS ON INVESTMENTS	0.00	0.00	(4,367.00)	0.00	(4,367.00)	0.00%
OTHER NON OPERATING EXPENSE (INCOMI	0.00	0.00	(453,004.35)	0.00	(453,004.35)	0.00%
TOTAL EXPENSES	363,667.66	395,802.00	3,089,875.79	3,143,032.00	(53,156.21)	84.51%
NET INCOME	66,654.89	58,832.00	325,247.89	448,698.00	(123,450.11)	15.49%
NET INCOME -						
WITHOUT NCUA ASSESSMENT	66,654.89		444,660.12			

P R E S I D E N T ' S R E P O R T September 23, 2009

MEETING SCHEDULE - 2009

<u>MONTH</u>	<u>DATE</u>	<u>DAY</u>	<u>TIME</u>	<u>TYPE</u>	<u>LOCATION</u>
October	10-12-09	Monday	12:30 PM	Staff Lunch	Tony Roma's
October	10-14-09	Wednesday	08:30 AM	Executive	Holiday Inn – Hurstbourne Lane
October	10-28-09	Wednesday	08:30 AM	Regular	Main Office
November	11-11-09	Wednesday	08:30 AM	Executive	Holiday Inn – Hurstbourne Lane
November	11-21-09	Saturday	09:00 AM	Planning	Main Office
November	11-25-09	Wednesday	08:30 AM	Regular	Main Office
December	12-23-09	Wednesday	08:30 AM	Regular	Main Office

STATISTICAL REPORTS

Key Ratios, Operating Statistics, Delinquency, Loan Losses, Loan Officer Report, Suspicious Activity, and Long Term Assets, Monthly Comparison are attached for your review monthly. Delinquency Analysis, ALLL Analysis, and Doubtful Loans are available quarterly. GAP, Cash Flow, Rate Shocks, other ALM reports are available semi annually.

FINANCIAL SUMMARY FOR THE MONTH

The key ratios and other pertinent data for the most major areas impacted (before CUSIP & NCUA assessment and after) are compared below. Our YTD bottom line without the assessment expense is within \$4,100 of budget income or 1%. Income from overdraft fees and investments continue to be the big lagers. Loan income is lagging but beginning to catch up. Our loan growth projection increased for July which helps. There was an increase in deposits from the previous month of \$142,000 and an increase of \$8,850,000 year to date. Loan volume for the month showed a decrease of \$383,000 but net loans showed an increase of \$644,000 for the month and an increase of \$2,100,000 year to date. We will continue to closely monitor the competition and the overall operation for additional adjustments to dividend and income to benefit the members.

FINANCIAL DETAIL COMPARISON

<u>Major Areas of Impact</u>	<u>REASON</u>	<u>BEFORE</u>	<u>AFTER</u>	<u>Difference</u>
Assets	CU-SIP	96,224,368	121,224,368	25,000,000
Average Assets	CU-SIP	93,267,864	114,274,078	21,006,214
Investment Balance	CU-SIP	51,865,321	76,865,321	25,000,000
NET WORTH	CU-SIP	13.70%	10.88%	-2.82%
Long Term Assets	CU-SIP	22.91%	18.18%	-4.73%
Total Loans / Assets	CU-SIP	41.12%	32.64%	-8.48%
Fixed Assets	CU-SIP	1.63%	1.30%	-0.33%
INC- NET- YTD	NCUA	444,660	325,247	-119,413
Return on Average Assets	NCUA	0.72%	0.42%	-0.30%

LOAN LOSSES FOR YOUR REVIEW – (SEE ATTACHED REPORT FOR DETAIL)

As of 07-15-09	6	18,262.76
As of 08-15-09	5	21,098.70
As of 09-15-09	9	28,369.14
<hr/>		
T O T A L	20	67,369.14

LENDING ACTIVITY

RE LOANS - August 2009									
DATE	NAME	ACCOUNT #	APPRAISAL	NEW MONEY	LOAN AMOUNT	EQUITY	TERM IN MONTHS	CREDIT LIMIT	APPROVED BY
8/5/09	Childers	914640	153,000	122,400	122,400	122,400	180	0	CEO
8/27/09	Lafferty	600201650	250,000	165,392	188,000	188,000	180	0	CEO
TOTAL/AVG		2	403,000	287,792	310,400	310,400	180	0	

A '0' in the equity column indicates > 80% LTV

COMMENTS: None

INVESTMENT ACTIVITY

CD Purchases - August 2009							
DATE	AMOUNT	TERM	RATE	INSTITUTION	CITY	ST	CODE
08/04/09	99,000	12	1.40%	TCM BANK	TAMPA	FL	2
08/31/09	248,000	18	1.30%	STEARNS BANK	ST. CLOUD	MN	2
	99,000	12	0.90%	CAROLINA FIRST BANK	GREENVILLE	SC	2
	99,000	12	0.90%	CAROLINA FIRST BANK	GREENVILLE	SC	2
TOTAL	545,000	14	1.13%	4			

INVESTMENT ACTIVITY – FAILED BANKS

	AMOUNT	BANK	DATE	DISPOSITION
1.	None			

QUARTERLY PROCESSING ITEMS

- LOANS FOR TRANSFER TO ASSETS IN PROCESS OF LIQUIDATION – 1 for \$5,600.47
- LOAN CHARGE OFF POLICY EXCEPTIONS – 3 for \$10,394.64
- LOAN CHARGE OFF – 20 for \$67,730.60
- QUARTERLY REVIEW OF THE "ALLOWANCE FOR LOAN LOSSES ACCOUNT" -
We are currently under funded in the amount of \$21,158 including the budget funding from September's income. I recommend we transfer an additional \$22,000 from income to bring the account to an acceptable level.
- QUARTERLY REVIEW OF THE "ALLOWANCE FOR OVERDRAFT LOAN LOSSES ACCOUNT" –
Our average monthly loss for 2008 was \$129.00. We are required to maintain a one year level that would equate to \$1,548.00. We are currently over funded in the amount of \$250. I recommend we transfer \$250.00 from this account and forego the scheduled September transfer of \$125.00 to income to bring the account to an acceptable level.
- DIVIDEND INFORMATION & RECOMMENDATIONS

Share Category	Rate Paid 2nd Quarter - 09	APY Paid 2nd Quarter - 09	Proposed Rate 3rd Quarter - 09	Proposed APY 3rd Quarter - 09	Balance Ranges
Regular Shares	0.75%	0.75%	0.75%	0.75%	\$25 - >
Club Accounts	0.50%	0.50%	0.50%	0.50%	\$5 - >
IRA Accounts	1.10%	1.10%	1.10%	1.10%	\$5 - >
Escrow Accts.	0.50%	0.50%	0.50%	0.50%	\$5 - >
SCA Builder	0.50%	0.50%	0.50%	0.50%	\$5 - >

President - Page 2 of 5

Rewards +	3.98%	4.00%	3.98%	4.00%	\$0 - 25,000 - Ach
Rewards +	0.25%	0.25%	0.25%	0.25%	\$25,001 & > - Ach
Rewards +	0.25%	0.25%	0.25%	0.25%	\$0 - > - UN-Ach
CIA and CCIA	0.75%	0.75%	0.75%	0.75%	\$1 - 2,499
CIA and CCIA	1.05%	1.05%	0.90%	0.90%	\$2,500 - 9,999
CIA and CCIA	1.34%	1.35%	1.04%	1.05%	\$10,000 - 24,999
CIA and CCIA	1.54%	1.55%	1.19%	1.20%	\$25,000 - 49,999
CIA and CCIA	1.84%	1.85%	1.39%	1.40%	\$50,000 - 99,999
CIA and CCIA	2.03%	2.05%	1.54%	1.55%	\$100,000 & >

REAL ESTATE PROBLEM LOANS

Acct. #	Name	Address	Zip	Balance	Appraisal	Year	Pamt.	Due
1. 852730	Townsend, K.	1218 W. Woodlawn.	40215	\$24,142	\$84,500	05-06	\$244	\$1,778

01-14-09 Member was laid off from a 3+ year job and had satisfactory credit when the loan was made. She is drawing unemployment. The insurance is still in force but taxes are delinquent in the amount of \$1,098 for 2008. There are no other mortgages that we are aware of. There are other taxes showing up – totaling \$5,300 that we cut checks for as loan proceeds but she converted. We have asked 5/3 to reimburse us for their errors. That will reduce our exposure to some degree and they can pursue her criminally in lieu of us having to do it. The initial foreclosure letter was authorized on 01-16-09. The PVA assessment is \$84,360. 02-23-09, 05-28-09 - The motion for judgment was filed on May 21, 2009. Pursuant to local court rules, the motion is automatically referred to the Master Commissioner for recommendation as to whether the judgment should be entered. That process can take up to 30 days. If the Master Commissioner recommends that the judge sign the order, it can take several weeks for us to receive the signed judgment, depending on the judge's docket at the time. The sale date is 10-13-09.

CHECK REGISTER & ACH DEDUCTIONS

Attached for your review.

COMMENT CARDS

NONE

RECONCILIATIONS

All accounts are current and correct.

SAFE LANDING AND OVERDRAFT LOAN CHARGE OFF FOR – August 2009

None

SUSPICIOUS ACTIVITY REPORTS (SARS) – August 2009

3 For \$48,100.00

NCCS CORRESPONDENCE

Attached for your review.

FIFTH THIRD CORRESPONDENCE

Attached for your review.

NCUA – USC AUDIT 12-31-08

Summarized for your review. A copy of the entire audit is available under separate cover. USC received their audit opinion for the 2008 financial statements at 4:15 p.m. Friday, September 11th. In summary, the audited financial statements for 12/31/08 do show an accumulated deficit retained earnings amount based upon the \$4.9 billion conservative

OTTI approach adopted by the new USC board and management after the conservatorship of USC. This \$4.9 billion was quadrupled the original OTTI loss calculated by Clayton/USC staff and reported in January. However, of that \$4.9 billion OTTI loss amount, \$3.7 billion was due to non-credit losses which the change in FASB rules allowed USC to reverse that amount from retained earnings to AOCL on January 1st. NCUA didn't require the depletion of PIC and MCS accounts based on the \$4.9 billion estimated loss because they knew that \$3.7 billion would be reversed the following day. Unfortunately, the CU Journal only reported the \$4.9 billion OTTI loss amount in comparison to the original \$1.2 billion loss and used that as the headline for their article. KCFCU has shared the audited financial statements from U.S. Central with their CPA firm, Deming, Malone, Livesay & Ostroff. They will need to review the report and verify the entries that need to be posted. KCFCU anticipates any write-down of Paid-in Capital to be completed by September 30, 2009. and will inform member credit unions of the exact amount of the write-down prior to posting to our account.

CORPORATE NETWORK – MEETING SUMMARY

Below is a summary of facts from the town hall meeting in St. Louis last week relating to what caused the problem and how those areas will be addressed in the future as well as the perceived changes that must happen. The comments were made by Deborah Matz, the new Chairman and her senior staff. My schedule precluded me from attending but KCFCU's CEO, Chairman and First Vice Chairman attended.

They discussed the problems that prompted the new regulations. It was noted that at this point “nothing is cast in stone.” They went on to describe the problem that got us into this situation and broke it down into 5 areas:

1. Lack of capital
2. Too many eggs in one basket (Mortgage-backed securities)
3. Maturity mismatch
4. Shortcomings in transparency, and
5. Inefficiencies of the 3 tier network.

They discussed how the new regulation will deal with each of the 5 areas as follows:

1. Capital

- Will use Basel 1 standards with a leverage ratio and 2 tiers.
- Membership Capital will need to convert from the current 3 year notice to a 5 year notice.
- Paid-in Capital will need to be permanent (this is how KY Corporate's PIC is currently.)
- A corporate will be “well capitalized” if it meets the following:
 - Leverage Ratio = 5% (Retained earnings + PIC)/DANA – 1.5% of the 5% must be retained earnings
 - Tier 1 = 6% (Retained earnings + PIC)/risk weighted assets
 - Tier 2 = 10% (Retained earnings + PIC + Membership Shares)/risk weighted assets
- A corporate will be “adequately capitalized” if it meets the following:
 - Leverage Ratio = 4% - 1% of the 4% must be retained earnings
 - Tier 1 = 4% (Retained earnings + PIC)/risk weighted assets
 - Tier 2 = 8% (Retained earnings + PIC + Membership Shares)/risk weighted assets
- The new Regulation requires corporates to meet these ratios within 5 years.
 - The risk weighted ratios should be attained within 1 year.
 - The leverage ratio should be attained within 3 years.
 - The retained earnings ratio should be attained within 5 years.

There will be a PCA component that will kick in if a corporate doesn't meet the minimums (including a capital restoration plan).

- Any capital that a corporate has at US Central or at any other Corporate will be deducted from the corporate's own capital.

2. Too many eggs in one basket

- The new Regulation will have concentration limits by sector.
- Concentration limited to the lesser of 5 times capital or 25% of Assets.

3. Maturity Mismatch

- There will be stricter limits on mismatches probably using the weighted average life of both the asset and liability.

4. Shortcomings in transparency

- There will be three changes:
 - Will require a majority of a corporate's Board to be Natural Person CU members.
 - Must be CEOs, CFOs or COOs.

President - Page 4 of 5

- Disclosure of executive compensation to members and limits on golden parachutes.

5. Inefficiencies of the 3 tier network

- New Regulation will eliminate the preferential treatment of capital to wholesale corporate.


FOR YOUR INFORMATION

- ✓ **DAYTON, Ohio (9/15/09)--Scam artists are sending simultaneous texts scams to family members' cell phones, according to an alert from John North, president/CEO of the Better Business Bureau (BBB).** BBB received a call from a woman inquiring about text messages she and her husband received on their cell phones simultaneously from a four-digit number. The texts said, "We found a problem in your credit union account. Call urgently!" and left a number to call. A recorded message asked for a credit card number. The woman called to verify the message with her credit union, Day Air CU, Kettering, and was told the message was a scam. Day Air CU has posted a fraud alert message on its website saying it is not sending out such text messages. It won't ask for personal information via texting because it is not a secure channel for communication.
- ✓ **NCUA: Foreclosed-property tenants have 90 days to relocate - WASHINGTON (9/11/09)--**Credit unions that take control of foreclosed real estate must grant tenants of the property 90 days of notice before those tenants can be made to move, the National Credit Union Administration has advised. Under the terms outlined in the Helping Families Save Their Homes Act of 2009, financial institutions must also allow so-called "bona fide" tenants to occupy the foreclosed property until their existing lease expires. However, the 90-day eviction rule would still apply once the foreclosed property is purchased. According to the NCUA, a "bona fide" tenant is one that does not own the property nor is a parent, spouse or child of the property owner. According to the NCUA, the law "does not cover tenants facing eviction in a non-foreclosed property, tenants with a fraudulent lease, tenants who enter in lease agreements after a foreclosure sale, or homeowners in foreclosure." The law also does not impact state or local laws aimed at protecting the rights of tenants.

BUSINESS DEVELOPMENT & MARKETING

GE will report.

Respectfully Submitted,



Carl F. Hicks
President and CEO

CATEGORY	Year End 2008	Prior Month	Current Month	Difference	Year-To-Date
Deposits	73,102,429	81,814,646	81,957,277	142,631	8,854,848
Regular CDs	20,987,276	19,387,798	19,537,565	149,767	(1,449,711)
IRA Cds	3,667,761	3,852,155	3,873,015	20,860	205,254
Total CDs	24,655,037	23,239,953	23,410,580	170,627	(1,244,457)
Loan Balance	37,420,917	38,926,382	39,571,203	644,821	2,150,286
Loans Made	15,292,094	2,023,242	1,640,356	(382,886)	11,913,780
Members	13,505	13,500	13,506	6	1
Accounts	22,685	22,674	22,679	5	(6)
Delinquent Percent	0.53%	0.26%	0.36%	0.10%	-0.17%
E-Statements	1184	1396	1423	27	239
Bill Payer	1067	1190	1202	12	135
Info-Teller Inquiries	187,027	14,271	14,106	(165)	113,226
Website Inquiries	418,620	33,304	34,964	1,660	295,451
HB -Members Used	2,539	2,596	2,610	14	71
Overdrawn Accounts	41,820	28,764	27,830	(934)	(13,990)
CIA - #	879	876	874	(2)	(5)
CIA - \$	22,552,171	28,710,246	28,613,880	(96,366)	6,061,709
CCIA - #	41	41	40	(1)	(1)
CCIA - \$	1,965,519	2,495,328	2,579,527	84,199	614,008
Rewards - #	174	163	161	(2)	(13)
Rewards - \$	1,183,310	1,921,570	1,805,211	(116,359)	621,901
Rewards - Surcharge Ref.	854	154	161	7	1,034
Rewards - Cost	24,626	4,395	4,712	317	34,629
Regular Checking - #	4,629	4,641	4,644	3	15
Regular Checking - \$	4,442,852	5,066,176	5,112,092	45,916	669,240
TOTAL CHECKING - #	5,723	5,721	5,719	(2)	(4)
TOTAL CHECKING - \$	30,143,852	38,193,320	38,110,710	(82,610)	7,966,858
Trans - MO	56,671	4,587	4,189	(398)	34,225
Trans - HV	37,557	3,611	3,233	(378)	26,242
Trans - DT	31,735	2,562	2,393	(169)	19,345
Trans - UR	29,684	2,352	2,016	(336)	17,805
Trans - IN	41,619	3,344	3,198	(146)	25,776
Trans - INFO	12,843	979	929	(50)	8,034
Trans - HB	87,003	7,277	6,990	(287)	57,381
Trans - SB	50,510	4,090	3,926	(164)	31,619
Trans - Total YTD	347,622	28,802	26,874	(1,928)	220,427
DELINQUENCY	Number	Balance			
2 - 5 Months	21	95,257			
6 -11 Months	2	31,967			
12 Months & Over	4	15,482			
Total	27	142,706			

Monthly Statistics - Year To Date Statistics - Key Ratios - 2009

Category	%	Y/E 2008	JAN	FEB	MAR	APR	MAY	JUNE	JUL	AUG	SEP	OCT	NOV	DEC	YTD
Assets		86,366,726	87,757,046	115,291,732	115,952,351	118,445,061	120,161,319	121,279,807	121,031,227	121,224,368					34,857,642
Deposits		73,102,429	74,221,189	76,665,091	77,897,382	79,968,639	81,429,411	82,233,520	81,814,646	81,957,277					8,854,848
Investment Balance		43,185,859	44,911,138	79,593,710	74,406,580	76,110,844	77,513,598	77,925,466	76,822,238	76,865,321					33,679,462
Cash Balance		1,272,429	844,738	463,448	414,159	543,487	414,191	757,540	723,186	344,449					(927,980)
Loan Balance		37,420,917	37,527,807	36,810,817	37,093,747	37,746,402	38,162,336	38,042,024	38,926,382	39,571,203					2,150,286
Loans Made		1,209,689	942,195	1,167,548	1,278,928	1,684,003	1,739,015	1,438,494	2,023,241	1,640,356					11,913,780
Members		13,505	13,485	13,489	13,499	13,509	13,503	13,508	13,500	13,506					1
Accounts		22,685	22,657	22,662	22,686	22,700	22,673	22,679	22,674	22,679					(6)
DEL - 2-5 Months		187,983	206,403	198,613	84,134	85,713	57,379	47,514	55,324	95,257					(92,726)
DEL - 6-11 Months		3,866	12,249	37,000	20,065	26,770	50,359	33,977	41,868	31,967					28,101
DEL - 12 Months & >		8,033	8,033	7,618	7,307	7,187	7,003	6,883	5,743	15,482					7,449
Delinquent Amount		199,882	226,685	243,231	111,506	119,670	114,741	88,374	102,935	142,706					(57,176)
Delinquent Percent	< 1.30%	0.53%	0.60%	0.66%	0.30%	0.32%	0.30%	0.23%	0.26%	0.36%					-0.17%
Info-Teller		15,573	14,471	14,026	14,203	14,022	14,102	14,025	14,271	14,106					113,226
Website Inquiries		39,072	36,609	38,039	40,863	39,223	38,299	34,150	33,304	34,964					295,451
Bill Payer		1,067	1,088	1,106	1,124	1,144	1,158	1,171	1,190	1,202					135
E-Statements		1,184	1,217	1,242	1,260	1,306	1,326	1,357	1,396	1,423					239
Home Branch Access		2,539	2,543	2,584	2,596	2,615	2,615	2,570	2,596	2,610					2,610
Overdrawn Accounts		41,820	21,551	12,723	26,923	34,167	26,835	34,632	28,764	27,830					27,830
Share Bal. \$5,000 & <		8,909,888	9,548,838	10,195,480	9,577,336	9,438,864	9,759,495	9,312,113	9,604,156	9,395,745					
INC - Loans YTD		2,695,524	234,871	444,153	674,907	899,289	1,134,956	1,362,513	1,602,076	1,840,948					
INC - Investments YTD		1,524,870	110,862	226,397	311,135	413,883	502,311	588,222	667,880	747,459					
INC - Other YTD		1,121,675	82,079	146,008	253,573	360,070	471,828	588,767	714,845	826,717					
INC - Total YTD		5,342,069	427,812	816,558	1,239,615	1,673,242	2,109,095	2,539,502	2,984,801	3,415,124					
EXP - ALLL YTD		244,000	22,111	40,611	64,661	92,411	92,411	126,911	145,411	163,911					
EXP - ALLL - OD YTD		978	125	250	(1,088)	(943)	(818)	(1,068)	(943)	(818)					
EXP - Dividend YTD		2,043,551	140,439	264,076	403,499	534,086	670,250	800,594	925,560	1,048,806					
EXP - Operating YTD		2,500,742	205,842	425,323	1,111,678	1,344,317	1,618,494	1,440,870	2,113,551	2,335,348					
EXP -(G)/L on Invest. YTD		(2,538)	0	0	0	(4,367)	(4,367)	(4,367)	(4,367)	(4,367)					
Other Non Operating (Income)		0	0	0	0	0	0	0	(453,004)	(453,004)					-
EXP - Total YTD - \$		4,786,733	368,517	730,260	1,578,770	1,965,504	2,375,970	2,362,940	2,726,208	3,089,876					
INC- NET- YTD		555,336	59,295	86,298	(339,155)	(292,262)	(266,875)	176,562	258,593	325,248					
Operating Exp. YTD - %	< 5.00%	2.91%	2.84%	2.51%	4.18%	3.69%	3.48%	2.55%	3.17%	3.04%					
Net Interest Margin / AA	> 3.00%	2.53%	2.83%	2.40%	2.19%	2.14%	2.08%	2.03%	2.02%	2.01%					
Return on Average Assets	0.70%	0.65%	0.82%	0.51%	-1.28%	-0.80%	-0.57%	0.31%	0.39%	0.42%					
Net Worth - \$		12,883,162	12,914,457	12,944,460	12,511,091	12,565,901	12,591,287	13,034,724	13,116,755	13,183,410					
Total Resv. / Curr. Assets	> 9.00%	14.92%	14.72%	11.23%	10.79%	10.61%	10.48%	10.75%	10.84%	10.88%					
Average Assets - \$		85,989,400	87,061,886	101,524,389	106,333,710	109,361,548	111,521,502	113,147,886	114,274,078	115,142,864					
Net Charge Off - \$		220,359	0	0	52,684	0	0	63,792	0	0					116,476
Net Charge Off / AA - %	< .45%	0.26%	0.00%	0.00%	0.05%	0.00%	0.00%	0.06%	0.00%	0.00%					0.11%
Long Term Assets - \$		21,264,716	20,603,600	19,922,004	19,821,392	20,320,411	20,698,440	21,282,060	21,684,847	22,042,663					
Net Long Term Asset / A - %	< 35.00%	24.62%	23.48%	17.28%	17.09%	17.16%	17.23%	17.55%	17.92%	18.18%					
Total Loans / Assets - %	< 90.00%	43.33%	42.76%	31.93%	31.99%	31.87%	31.76%	31.37%	32.16%	32.64%					
Share Growth - %	7.00%	13.28%	1.53%	4.87%	6.56%	9.39%	11.39%	12.49%	11.92%	12.11%					
Loan Growth - %	4.00%	8.14%	0.29%	-1.63%	-0.87%	0.87%	1.98%	1.66%	4.02%	5.75%					
CD Deposits - \$		24,655,037	24,179,789	23,693,423	23,810,493	23,681,190	23,244,206	23,323,931	23,239,953	23,410,580					
Share Deposits - \$		48,447,392	50,041,400	52,971,668	54,086,889	56,287,449	58,185,205	58,909,589	58,574,693	58,546,697					
Loan To Total Share - %		77.24%	74.99%	69.49%	68.58%	67.06%	65.59%	64.58%	66.46%	67.59%					
Loan To Total Deposit - %		51.19%	50.56%	48.02%	47.62%	47.20%	46.87%	46.26%	47.58%	48.28%					
Fixed Assets - \$		1,641,838	1,635,009	1,625,166	1,615,323	1,607,550	1,597,931	1,588,312	1,578,693	1,571,450					
Fixed Assets - %	< 5.00%	1.90%	1.86%	1.41%	1.39%	1.36%	1.33%	1.31%	1.30%	1.30%					

	Year	Count	Balance	Monthly Installments	Amount to Reprice In 3 Years
CU Channels		2	64,025.91		64,025.91
Variable Rate		21	486,259.42		486,259.42
Maturities of 3 Years & Less	2009-2012	31	267,994.89		267,994.89
Maturities of 4 Years	2013	21	427,717.11		427,717.11
Maturities of 5 Years	2014	24	517,759.16		517,759.16
Maturities of 6 Years	2015	18	508,847.77		508,847.77
Maturities of 7 Years	2016	22	961,842.51		961,842.51
Maturities of 8 Years	2017	21	746,256.56	10,280.31	185,045.58
Maturities of 9 Years	2018	51	2,307,766.66	29,301.25	527,422.50
Maturities of 10 Years	2019	23	923,566.75	10,679.11	192,223.98
Maturities of 11Years	2020	27	1,581,413.42	17,655.37	317,796.66
Maturities of 12Years	2021	46	2,107,340.02	21,562.29	388,121.22
Maturities of 13Years	2022	56	3,877,459.12	36,865.36	663,576.48
Maturities of 14Years	2023	67	5,389,050.22	48,111.15	866,000.70
Maturities of 15Years	2024	58	4,768,923.46	39,614.91	713,068.38
Maturities of 16-19 Years	2025	0	0.00	0.00	0.00
Maturities of > Than 20 Years					0.00
		488	24,936,222.98		7,087,702.27
Net Long Term Loans			17,848,520.71		
Fixed Assets			1,571,450.10		
NCUSIF Deposit			656,528.04		
LLC			500.00		
Deferred Compensation			1,800,000.00		
CUSO Investments			165,664.00		
Total Long Term Assets			22,042,662.85		

LOAN OFFICERS REPORT 2009
JEFFERSON COUNTY FEDERAL CREDIT UNION

August , 2009

Loans Approved	219	\$1,544,219.59
Credit Limits Approved * includes updates & increases	8	\$29,000.00
Loans Disbursed	226	\$1,633,073.11
Indirect Lending	13	\$200,050.00
Equity Checks	6	\$3,559.00
Tecumseh Mortgages	0	\$0.00
Universal Approved Loans (100% Real Estate Loans)	1	\$11,340.00
Requests Denied	45	\$563,019.23

J. Kevin Lush
Preparer

September 9, 2009
Date

RECOMMENDED LOAN CHARGE OFF THIRD QUARTER 2009

ACCOUNT NUMBER	MEMBER NAME	CURRENT BALANCE	LOAN SUFFIX	LOAN TYPE	MDR	AUDR	DATE PAID	DATE DUE	MEMBER GROUP	LOAN OFFICER	Comments	REASON
681140	Judy Emily	\$4,867.38	5	Open End	37%	43%	05/29/09	06/05/09	Dr. Bizers	GSE	Unsecured -Paying In Plan	CH-13 Bankruptcy
712400	Luis Bracero	\$1,459.97	3	Note	2%	4%	04/29/09	05/05/09	Minor	TW	Unable to Pay - Sending to ABL	Unemployed
822830	Danny Knotts	\$5,086.87	2	Motocycle	12%	28%	07/10/08	08/05/08	Dayton Walther	KL	Sending to ABL	Unemployed - Def Bal
829800	Hope Finley	\$5,000.30	5	Open End	24%	25%	03/27/09	04/05/09	Lou Metro	GSE	Joint Owner Employed - ABL	Unemployed
836490	Judy Jones	\$696.56	1	Note	41%	43%	04/05/09	04/05/09	Place Of Residence	KL	Incapacitated & Unable to Pay	In Hosp had Stroke in 08
700200258	June Howard	\$1,151.68	5	Open End	33%	36%	06/19/09	08/05/09	Census Bureau	KL	Unsecured & Not Reaffirming	CH-7 Bankruptcy

TOTALS	For July	\$18,262.76	6									
562370	Dwayne Hagan	\$1,772.87	2	Auto	39%	44%	05/12/09	04/05/09	Insight Comm	KL	Totaled - Def Bal - Mailed to ABL	Unemployed
726760	Fawnda Walters	\$4,196.80	5	Open end	42%	42%	06/08/09	07/05/09	Mapother	KL	Unsecured	CH-13 Bankruptcy
833820	Megan Moore	\$8,480.29	2	Auto	48%	49%	04/21/09	05/05/09	Place Of Residence	GSE	Unable to Pay - Mailing to ABL	Unemployed
847200	Amanda Richert	\$4,990.21	5	Open end	34%	36%	06/01/09	07/05/09	Place Of Residence	KL	Unsecured	CH-13 Bankruptcy
700207131	Misty Webb	\$1,658.53	3	Auto	7%	4%	03/12/09	04/05/09	Census Bureau	KL	Def Bal - Mailed to ABL	Unemployed

TOTAL	For August	\$21,098.70	5									
695690	Leon Joyner	\$4,643.07	2	Note	9%	9%	06/24/09	06/05/09	Bob Hook Chevy	KL	RTP - Mailing to ABL	Employed
743010	Leslie Reesor	\$2,083.83	5	Open End	24%	25%	06/30/09	06/05/09	Crane Productions	TW	Unable to Pay - Mailing to ABL	Unemployed
749970	Stephanie Welch	\$1,629.36	1	Note	46%	47%	07/02/09	08/05/09	Place Of Residence	KL	Unsecured - Paying In Plan	CH-13 Bankruptcy
765520	Erica Braun	\$4,274.25	1	Note	38%	44%	07/08/09	07/05/09	YMCA	KL	Employed - Refused To Pay	CH-7 Bankruptcy
767420	Adrian Tillman	\$5,027.28	1	Auto	7%	15%	05/28/09	06/05/09	Miscellaneous	KL	Def Bal - Mailing to ABL	Unemployed
827510	Robin Vaughan	\$4,613.18	1	Note	39%	40%	04/24/09	04/05/09	Place Of Residence	KL	Unsecured - Paying In Plan	CH-13 Bankruptcy
838580	Arthur Haydon	\$379.48	2	Note	20%	24%	06/19/09	05/05/09	Place Of Residence	KL	Unable to Pay - Mailing to ABL	Unemployed
856820	Rudolf Losscher	\$783.27	2	Note	21%	26%	08/15/09	07/05/09	Place Of Residence	KL	Unsecured - Medical (Cancer)	CH-7 Bankruptcy
700183396	Carolyn Colligan	\$4,935.42	5	Open End	40%	44%	06/22/09	07/05/09	Census Bureau	GSE	Employed - Refused To Pay	CH-7 Bankruptcy

TOTAL	For September	\$28,369.14	9									
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TOTAL ACCOUNTS 20

TOTAL FOR QUARTER \$67,730.60

CHARGE OFF BREAKDOWN	
Real Estate	\$0.00
Auto	\$16,938.97
Other	\$5,086.87
Unsecured	\$45,704.76
TOTAL	\$67,730.60

PRIOR MO. MNR TOTALS*	
Real Estate	\$24,896,986.61
Auto	\$11,282,234.40
Other	\$389,504.96
Unsecured	\$3,002,476.98
TOTAL	\$39,571,202.95

*Includes Tecumseh

Doubtful Loans September 2009

Account	Name	Type	Doubtful	Doubtful	Doubtful	Doubtful	Doubtful	Doubtful	Doubtful	Doubt	Doubt	Doubt	Doubt
Number		R-A-O-U	Balance	Amount	Balance	Balance	Balance	Balance	Balance	Amount	Amount	Amount	Amount
					RE	Auto	Other	U/S		RE	Auto	Other	U/S
Potentials													
672580 L-1	Amy Peavler	A	\$17,967.35	\$3,967.35		\$17,967.35					\$3,967.35		
733250 L-1	Olena Jones	A	\$14,842.73	\$4,842.73		\$14,842.73					\$4,842.73		
734020 L-5	Kathy Satterly	U	\$2,622.19	\$1,622.19				\$2,622.19					\$1,622.19
754030 L-4	Maurice Watson	A	\$20,299.51	\$3,299.51		\$20,299.51					\$3,299.51		
781850 L-2	Cara Harris	A	\$7,093.24	\$3,093.24		\$7,093.24					\$3,093.24		
813140 L-2	Lisa Hume	A	\$10,550.98	\$5,550.98		\$10,550.98					\$5,550.98		
820680 L-3	Gregory Bond	A	\$7,347.90	\$3,347.90		\$7,347.90					\$3,347.90		
854800 L-2	Christopher Savage	A	\$7,374.80	\$2,374.80		\$7,374.80					\$2,374.80		
885560	Tera England	A	\$11,116.13	\$4,116.13		\$11,116.13					\$4,116.13		
700930650 L-5	Mae Cochran	U	\$3,502.62	\$3,502.62				\$3,502.62					\$3,502.62
	Total		\$102,717.45	\$35,717.45	\$0.00	\$96,592.64	\$0.00	\$6,124.81	\$0.00	\$30,592.64	\$0.00	\$0.00	\$5,124.81
	Accounts		10	10	0	8	0	2	0	8	0	0	2
2-5 Months													
695690 L-1	Leon Joyner	A	\$2,041.71	\$2,041.71		\$2,041.71					\$2,041.71		
758160 L-1	Joshua Emily	U	\$2,537.57	\$1,537.57				\$2,537.57					\$1,537.57
820020 L-4	Cristina Wright	U	\$1,535.90	\$1,000.00				\$1,535.90					\$1,000.00
827510 L-2	Robin Vaughan	A	\$6,738.00	\$1,000.00		\$6,738.00					\$1,000.00		
827510 L-6	Robin Vaughan	A	\$8,653.57	\$2,653.57		\$8,653.57					\$2,653.57		
828780 L-10	Darryl Lee	A	\$5,036.80	\$2,036.80		\$5,036.80					\$2,036.80		
833450 L-1	Rodney Griffin	A	\$6,280.56	\$2,280.56		\$6,280.56					\$2,280.56		
833450 L-2	Rodney Griffin	U	\$2,015.58	\$1,015.58				\$2,015.58					\$1,015.58
838300 L-2	Melissa Twyman	A	\$7,532.00	\$3,532.00		\$7,532.00					\$3,532.00		
845440 L-1	Robert Whittenberg	A	\$4,309.82	\$1,309.82		\$4,309.82					\$1,309.82		
846370 L-2	Gretta Strong	A	\$17,690.02	\$3,690.02		\$17,690.02					\$3,690.02		
854220 L-2	Renee Doss	U	\$2,378.07	\$1,378.07				\$2,378.07					\$1,378.07
524110 L-2	David Davis	O	\$11,904.20	\$3,904.20			\$11,904.20					\$3,904.20	
838580 L-1	Arthur Haydon	O	\$5,600.47	\$600.47			\$5,600.47					\$600.47	
863660 L-4	David Dennis	A	\$6,784.18	\$2,784.18		\$6,784.18					\$2,784.18		
863660 L-4	David Dennis	A	\$6,784.18	\$2,784.18		\$6,784.18					\$2,784.18		
700931630 L-5	Denise Anderson	U	\$5,043.14	\$3,043.14				\$5,043.14					\$3,043.14
	Total		\$102,865.77	\$36,591.87	\$0.00	\$71,850.84	\$17,504.67	\$13,510.26	\$0.00	\$24,112.84	\$4,504.67		\$7,974.36
	Accounts		17	17	0	10	2	5	0	10	2		5
6-11 Months													
842940 L-1	Erica Thomas	A	\$7,722.53	\$2,722.53		\$7,722.53					\$2,722.53		
	Total		\$7,722.53	\$2,722.53	\$0.00	\$7,722.53	\$0.00	\$0.00	\$0.00	\$2,722.53	\$0.00	\$0.00	\$0.00
	Accounts		1	1	0	1	0	0	0	1	0	0	0
12+ Months													
743050 L-5	Ronnie Cherry	U	\$4,477.98	\$1,477.98				\$4,477.98					\$1,477.98
	Total		\$4,477.98	\$1,477.98	\$0.00	\$0.00	\$0.00	\$4,477.98	\$0.00	\$0.00	\$0.00		\$1,477.98
	Accounts	0	1	1	0	0	0	1	0	0	0	0	1
Grand Totals			\$217,783.73	\$76,509.83	\$0.00	\$176,166.01	\$17,504.67	\$24,113.05	\$0.00	\$57,428.01	\$4,504.67	\$14,577.15	
Accounts			29	29	0	19	2	8	0	19	2	8	
Total Doubtful Bal					\$217,783.73				Total Doubtful Amt				
									\$76,509.83				

ASSETS IN PROCESS OF PROCESS OF LIQUIDATION

Account No	Sfx	Name	Balance
838580	1	Arthur Haydon	\$5,600.47
2005 Bass Tracker, Motor & Trailer			

TOTAL	AMOUNT
1	\$5,600.47

CHARGE OFF POLICY EXCEPTIONS

Account No	Sfx	Name	Balance
852260	1	Fran Temple	\$5,646.10
CH-13 Coverted to CH-7 Reafirm & Will Re-age In November			
743050	3	Ronnie Cherry	\$270.56
CH-13 Bankruptcy Paying In Plan			
743050	5	Ronnie Cherry	\$4,477.98
CH-13 Bankruptcy Paying In Plan			

TOTAL	AMOUNT
3	\$10,394.64

ALLOWANCE FOR LOAN & LEASE LOSSES RESERVING STRUCTURE

Allowance for Loan and Lease Losses will be calculated using the formula below. The data will be reported in the format below and submitted to the President prior to the 15th of the month of the calendar quarter. The minimum acceptable level for this category will be the amount on "Line I". Adjustments of less than \$3,000.00 will not be made to item "L". This uses a 3 year historical average.

**SEPTEMBER
2009**

A.	24,896,987	"Real Estate" Loan Balance from prior month Balance Sheet
	0	- "Real Estate" Current Balance to be charged off this period
	0	- "Real Estate" Current Balances Classified this period
	24,896,987	= "Real Estate" - NET Balance for Historical Loss Calculation
	11,282,234	"Auto" Loan Balance from prior month Balance Sheet
	16,939	- "Auto" Current Balance to be charged off this period
	176,166	- "Auto" Current Balances Classified this period
	11,089,129	= "Auto" - NET Balance for Historical Loss Calculation
	389,505	"Other Chattel" Loan Balance from prior month Balance Sheet
	5,087	- "Other Chattel" Current Balance to be charged off this period
	17,505	- "Other Chattel" Current Balances Classified this period
	366,913	= "Other Chattel" - NET Balance for Historical Loss Calculation
	3,002,477	"Unsecured" Loan Balance from prior month Balance Sheet
	45,705	- "Unsecured" Current Balance to be charged off this period
	24,113	- "Unsecured" Current Balances Classified this period
	2,932,659	= "Unsecured" - NET Balance for Historical Loss Calculation
B.	39,285,688	= NET TOTAL LOANS - After Adjustments
C.	0.03%	Prior 3 Year's Average loss factor in the "Real Estate" portfolio
	0.63%	Prior 3 Year's Average loss factor in the "Auto" portfolio
	0.77%	Prior 3 Year's Average loss factor in the "Other Chattel" portfolio
	3.03%	Prior 3 Year's Average loss factor in the "Unsecured" portfolio
D.	7,813	+ "Real Estate" Loan Historical Loss Value Required in ALLL Account
	69,565	+ "Auto" Loan Historical Loss Value Required in ALLL Account
	2,812	+ "Other Chattel" Loan Historical Loss Value Required in ALLL Account
	88,827	+ "Unsecured" Loan Historical Loss Value Required in ALLL Account
E.	76,510	+ Doubtful Loan Amounts from the attached report
F.	0	+ Balance of Loans listed in Special Reserves detailed on the attached report
G.	245,527	= TOTAL LOSS EXPOSURE (Excluding Recommended Charge Off)
H.	67,731	- Amount to be Charged Off This Quarter
I.	313,258	= TOTAL REQUIRED Balance for the ALLL Account - (Before This Chargeoff)
J.	27,750	- Amount to be transferred from this month's income
K.	264,350	+ Allowance balance from prior month's balance sheet
L.	(21,158)	= Amount overfunded or (underfunded)

[illegible]

By:
Date:

Via Certified Mail and email

August 27, 2009

Ms. Lisa Lyman,
Commercial Officer - Correspondent Banking Department
Fifth Third Bank
38 Fountain Square Plaza
Cincinnati, OH, 45263

Dear Ms. Lyman:

The purpose of this letter is to advise you of a situation where actions taken by employees of Fifth Third Bank have resulted in a substantial loss to the Credit Union, presently estimated at \$9,386.00. As a current business partner¹ I am hoping we can come to some accommodation regarding this loss in recognition of the wrong and a show of Fifth Third's continuing commitment to Jefferson County Federal Credit Union.

Jefferson County Federal Credit Union ("JCFCU") made a loan to its member, Kimberly J. Townsend ("Townsend") on or about July 3, 2006. In connection with the closing of the transaction, JCFCU drew approximately 20 checks, representing loan proceeds, upon an account it maintained with Fifth Third Bank. These checks were joint payee checks, made payable to Townsend and other various parties who were intended to be paid with loan proceeds.

Rather than indorsing the checks and forwarding those to the other joint payee, Townsend went to Fifth Third branch and had the checks cashed. Fifth Third cashed the checks and remitted the funds to Townsend despite the fact that most of the checks only had Townsend's endorsement and some had no endorsement at all.

Fifth Third reflected the processing of these checks on the statements that it sent to JCFCU. These statements **only** contained images of the front side of the checks. The reverse side, bearing the endorsement, was not provided. Therefore at the time the checks were presented, JCFCU had no way of knowing that the drafts should have been returned as missing a necessary endorsement. In fact, we did not confirm there was an issue until February 6, 2009, after requesting copies of the reverse side of the checks. Our Senior Vice President, Gary Edelen

1 □ The Credit Union currently uses the following services of Fifth Third Bank: checking account, check imaging, safety deposit boxes, debit card processing and ATM driving. We recently contracted with Fifth Third Bank to handle our members' credit card needs as well. We have been asked and complied on several occasions to be used as a reference for our credit union peers to tout both your debit and retail operations.

contacted the Bank regarding this issue on February 12, 2009. After much delay and deliberation at Fifth Third Bank the following response was given. We (JCFCU) were to track these many payees down and have them sign an affidavit and you would reimburse them direct. The person your tellers allowed to cash the aforementioned items got the benefit of these check and we are on the hook for or have already paid the unpaid property taxes and other items in a foreclosure action. Those individuals are not out anything, we are. Your branch employee(s) assisted the perpetrator in converting these checks to cash for her benefit, thus this letter.

We contacted our legal counsel, Mapother & Mapother about this situation. They advise that the Bank has liability to us on the grounds of Conversion of an Instrument² and Negligence. As you are our business partner, we are loathe to consider legal action on this matter. Instead, we are hoping that we can have a discussion regarding remuneration to the credit union, and/or some renegotiation of the terms of our Account/Deposit Agreement with Fifth Third.

As noted above, we calculate the loss to the Credit Union as \$9,386.00. We hereby make demand upon the Bank for the sum of \$9,386.00 for purposes of helping to offset the damages caused by the error of your employees. I would feel differently if the Credit Union's employees would have had a way to catch this mistake. However, since we were not provided the back sides of these checks such that we could have verified the missing endorsements, the blame squarely lies with the Bank. Please respond directly to me regarding this solution.

Additionally, this situation has caused us to go back and revisit our contract with you regarding the clearing of checks. Page 45 of the Account Agreement that we have with you reads as follows:

Duty to Inspect

*You are responsible for monitoring all Services, **including each individual transaction processed by us** in connection therewith. If you fail to notify us of **any** discrepancy between your records and the information shown on any periodic statement or other confirmation **within 15 calendar days after you receive such periodic statement or confirmation or such greater time as may be required by applicable law**, you shall, except as otherwise provided by law, **be precluded from asserting the discrepancy against us, and we shall not be liable for any loss (including loss of interest) resulting from your failure to notify us, except as otherwise provided by law.** All entries in our books, records and accounts shall constitute conclusive evidence of transactions unless you furnish proof of manifest error. [Bold added]*

We believe this is an unreasonable amount of time and needs to be increased to no less than 60 days, especially in light of the fact that we do not get the reverse side of the check to verify

2 [□]KRS 355.3-420(1) [a “bank makes or obtains payment with respect to the instrument for a person not entitled to enforce the instrument or receive payment.”]

endorsements. This would give us an appropriate amount of time to charge back any items bearing missing endorsements and the like after rejection by the payee and their financial institution. Again, please contact me directly regarding this matter.

It is regrettable that this issue has gotten to this point. A response to Mr. Edelen's original call could have resolved most of this. As it is, I must ask for a response from you no later than the close of business on September 9, 2009. If I have not heard from you by that time, I will take the matter up with my Board of Directors to see what decisions will need to be made about our business relationship with Fifth Third Bank.

Sincerely,

Carl F. Hicks,
President and CEO

CFH/bb

Cc: Mr. Tom Canary,
Mapother and Mapother

Via Certified Mail

September 9, 2009

Fifth Third Bancorp
Board of Directors
38 Fountain Square Plaza
MD 10AT76
Cincinnati, OH, 45263

Board of Directors:

As a customer of your institution our institution has suffered a serious grievance that your legal and fraud departments do not want to correct. We issued nineteen checks jointly payable to one of our members and mostly various property tax collecting entities. The fact that your employee(s) ignored the fact that there was a joint payee when cashing them for the other joint payee, tells me that it was their fault. The canned answer from your legal department was your front line people are not required to check for a joint payee on a check unless the amount exceeds \$2,500. This seems to be a strange policy that we obviously were never told about. Nonetheless these nineteen errors are on Fifth Third's watch, not JCFCU's. One even wonders if the Fifth Third tellers involved were not co-conspirators to help perpetrate the fraud. One may also wonder if this cloak of tail chasing expected of us by your legal and fraud area is not a further endeavor to cover up and conspire to bury the fraud. For the record, our electronic statement received as a customer of Fifth Third does not include the backs of the cleared checks. We did not know who endorsed them until it was brought to our attention some two years later and only at that point did we know the proceeds did not end up where they were originally directed.

We have completed and sent nineteen fraud affidavits and the required documentation. Obviously copies of the checks as well as the affidavits we originally forwarded at their request stating that they are fraud. The fact that the nineteen checks do not bear the endorsement of the joint payee verifies that. Your legal department tells us we must spend our time to go the nineteen payees and have them complete and affidavit. If your front line people's time is too valuable to spend two seconds to detect a joint payee on a check before cashing it then ours is too valuable to spend days trying to correct their oversight.

When JCFCU's employees make an error on a transaction it is our task and obligation to make it right. We do not ask our members to do our job. Your institution made the errors, has the information to verify same and we will not waste additional time chasing our tail and dealing with your legal area, fraud area and insurance company. Fifth Third was wrong and needs to step up and fix it without any further input from JCFCU. It seems top management at Fifth Third is telling us they do not care about us as a customer and is extremely indifferent about how

Fifth Third Bancorp
Board of Directors
September 9, 2009
Page 2 of 2

much they alienate us. I hope you can prove my perception wrong. \$9,386. is not any money to Fifth Third but certainly is to JCFCU.

We have been working through our representative, Lisa Lyman who has been very courteous and tried to assist us. Unfortunately others in your operation don't really seem to be hearing us or care what we are saying. When I discussed this situation with my Board of Directors they immediately said they would want to know if our management team was treating our members in such a fashion. Hence, I am notifying you and requesting your assistance.

I am including a copy of the letter to Ms. Lyman. If you need copies of any additional correspondence dating back to February please let me know where I should forward it.

Thank you for looking into this matter.

Sincerely,

Carl F. Hicks,
President and CEO

CFH/lw



JEFFERSON COUNTY FEDERAL CREDIT UNION

A COMMUNITY CREDIT UNION



September 8, 2009

Mr. Mark Ford,
Sr. Vice President – Card Services
NCCS Card Services
One NCC Parkway
Kalamazoo, MI 49009

RE: Mastercard Ending in 3721
VISA Ending in 0973

Mr. Ford,

Pursuant to the attached correspondence from you please close the above referenced accounts issued to our credit union for mine and Gary Edelen's use. The balances have been paid in full and all plastics issued have been destroyed.

Thank you in advance for your cooperation and assistance in this matter. Please acknowledge in writing for my auditors review that my request has been carried out.

Sincerely,

Carl F. Hicks,
President and CEO

CFH/lw

8879	135.00	8/3/2009	GRACE TITLE GROUP
8880	32.00	8/3/2009	JEFFERSON COUNTY CLERK
8881	710.50	8/3/2009	ALLIED SOLUTIONS GAP
8882	5,706.47	8/3/2009	MINNESOTA MUTUAL
8883	1,750.84	8/3/2009	PHOENIX UNERWRITING MGRS
8884	10.00	8/4/2009	LABA
8885	70.22	8/5/2009	FIRST SERVICE GROUP
8886	250.00	8/6/2009	AUTOBACK RECOVERY
8887	75.00	8/6/2009	AUTOBACK RECOVERY
8888	9,311.20	8/6/2009	KYCUL SERVICES
8889	135.00	8/6/2009	GRACE TITLE GROUP
8890	32.00	8/6/2009	JEFFERSON COUNTY CLERK
8891	330.00	8/6/2009	BYERLY FORD NISSAN
8892	1,492.11	8/7/2009	BEVERLY DRURY
8893	105.00	8/7/2009	COOK & REEVES CARS INC
8894	135.00	8/7/2009	GRACE TITLE GROUP
8895	32.00	8/7/2009	JEFFERSON COUNTY CLERK
8896	286.43	8/10/2009	DANA HODGE
8897	27,621.51	8/10/2009	BOBBY MORRIS
8898	325.00	8/11/2009	RAY MILES
8899	120.29	8/11/2009	INDUSTRIAL DISPOSAL
8900	13.00	8/13/2009	BULLITT COUNTY CLERK
8901	12.00	8/13/2009	CLARK COUNTY CLERK
8902	26.00	8/13/2009	JEFFERSON COUNTY CLERK
8903	160.00	8/13/2009	GRACE TITLE GROUP
8904	32.00	8/13/2009	BULLITT COUNTY CLERK
8905	15.00	8/14/2009	OKOLONA PEST CONTROL
8906	1,866.00	8/14/2009	COURTESY CLEANING
8907	131.17	8/14/2009	INDUSTRIAL DISPOSAL
8908	812.00	8/14/2009	ALLIED SOLUTIONS LLC
8909	34.76	8/14/2009	DUPLICATOR SALES & SERVICE
8910	3,200.00	8/14/2009	QSI
8911	597.75	8/14/2009	THE GALLERY COLLECTION
8912	66.47	8/14/2009	MCPC
8913	639.85	8/14/2009	BLUEGRASS.NET
8914	5,229.00	8/14/2009	FORTRESS NETWORK
8915	7,836.18	8/14/2009	SHARE ONC
8916	2,250.00	8/14/2009	ISC KENTUCKY
8917	7,370.00	8/14/2009	ADMAN MARKETING
8918	1,048.31	8/14/2009	TRANS UNION
8919	325.00	8/14/2009	DAVID WATERMAN
8920	685.00	8/14/2009	GRADA CL CENTRAL
8921	926.83	8/14/2009	WEBER & ROSE
8922	302.16	8/14/2009	DIGITALMAILER
8923	599.30	8/14/2009	PRINTING SERVICES II
8924	541.66	8/14/2009	CNBS LLC
8925	250.00	8/14/2009	AUTOBACK RECOVERY
8926	653.50	8/14/2009	DIRECT RESPONSE
8927	73.50	8/14/2009	WASHINGTON NATIONAL
8928	770.15	8/14/2009	CHEXSYSTEMS
8929	369.81	8/14/2009	ADT SECURITY
8930	295.00	8/14/2009	RECOVERY ONE
8931	295.00	8/14/2009	RECOVERY ONE
8932	75.00	8/14/2009	RECOVERY ONE
8933	0.00	8/14/2009	VOID
8934	75.00	8/14/2009	RECOVERY ONE
8935	178.00	8/14/2009	SATURN OF LOUISVILLE
8936	50.60	8/14/2009	LOGAN LAVELLE HUNT INS
8937	28.00	8/17/2009	SIGN-A-RAMA
8938	7.00	8/17/2009	AWARDS AMERICA
8939	421.25	8/18/2009	DIRECT RESPONSE
8940	1,238.07	8/18/2009	AMERICAN HERITAGE
8941	164.26	8/19/2009	PROFESSIONAL INSURANCE CO
8942	31.00	8/20/2009	JEFFERSON COUNTY CLERK
8943	429.15	8/20/2009	PATRICIA NOORI

8944	135.00	8/20/2009	GRACE TITLE GROUP
8945	32.00	8/20/2009	JEFFERSON COUNTY CLERK
8946	22.00	8/20/2009	BULLITT COUNTY CLERK
8947	10.00	8/20/2009	LABA
8948	430.21	8/21/2009	GENERAL SERVICES ADMIN
8949	13,564.78	8/21/2009	LOUISVILLE METRO
8950	172.00	8/24/2009	BOB HOOK CHEVROLET
8951	27.00	8/24/2009	BULLITT COUNTY CLERK
8952	250.00	8/24/2009	AUTOBACK RECOVERY
8953	75.00	8/24/2009	AUTOBACK RECOVERY
8954	246.00	8/25/2009	CAPITAL FUNDING
8955	135.00	8/25/2009	GRACE TITLE GROUP
8956	32.00	8/25/2009	JEFFERSON COUNTY CLERK
8957	373.00	8/25/2009	CARRIAGE FORD
8958	194.00	8/25/2009	COYLE CHEVROLET
8959	135.00	8/25/2009	GRACE TITLE GROUP
8960	32.00	8/25/2009	JEFFERSON COUNTY CLERK
8961	407.22	8/26/2009	CARL HICKS
8962	226.00	8/26/2009	BYERLY FORD NISSAN
8963	195.00	8/27/2009	GRACE TITLE GROUP
8964	263.00	8/27/2009	CRAIG & LANDRETH
8965	176.00	8/27/2009	BOB HOOK CHEVROLET
8966	14,737.88	8/27/2009	CHIKUITA MARKS
8967	250.00	8/28/2009	AUTOBACK RECOVERY
8968	31.00	8/28/2009	JEFFERSON COUNTY CLERK
8969	83.00	8/28/2009	LISA FOUTS
8970	160.00	8/28/2009	GRACE TITLE GROUP
8971	32.00	8/28/2009	SHELBY COUNTY CLERK
8972	0.88	8/31/2009	LINDSAY STINSON
8973	298.10	8/31/2009	RACHEL LEE
8974	34.93	8/31/2009	CATHY PENNELL
8975	83.05	8/31/2009	DON FRITTS
8976	11.00	8/31/2009	SANDRA MYJAK
8977	7.70	8/31/2009	JAYNE EBERSOLE
8978	110.00	8/31/2009	LARRY DODSON
8979	1,625.00	8/31/2009	GENERAL SERVICES COMPANY
8980	53.24	8/31/2009	LOUISVILLE METRO GOVT
8981	657.01	8/31/2009	ACCO INC
8982	603.35	8/31/2009	ARROW ELECTRIC
8983	142.38	8/31/2009	MCPC
8984	1,133.22	8/31/2009	STAPLES CREDIT PLAN
8985	93.05	8/31/2009	BLUEGRASSNET
8986	1,345.70	8/31/2009	SHARE ONE
8987	236.80	8/31/2009	PRICE DIGEST
8988	375.00	8/31/2009	LANDMARK APPRAISAL
8989	275.00	8/31/2009	MARVIN SCHMIDT
8990	925.00	8/31/2009	DAVID WATERMAN
8991	1,250.00	8/31/2009	KENNETH KLING
8992	50.00	8/31/2009	SHRED IT
8993	780.20	8/31/2009	ZIP EXPRESS COURIER SERVICE
8994	2,593.07	8/31/2009	FISERV
8995	32.00	8/31/2009	BRECKINRIDGE COUNTY CLERK
8996	160.00	8/31/2009	GRACE TITLE GROUP
8997	20.00	8/31/2009	MAPOTHER & MAPOTHER
8998	377.00	8/31/2009	PRINTING SERVICES II
8999	120.00	8/31/2009	PCI SERVICES
9000	145.00	8/31/2009	CREDIT UNION CONNECTION
9001	119.00	8/31/2009	ROUTE ONE
9002	438.15	8/31/2009	TCI
9003	200.00	8/31/2009	DAVID WATERMAN
9004	190.00	8/31/2009	PARC
9005	528.85	8/31/2009	THE LINCOLN NATIONAL LIFE
Total	136,229.07		127

AUGUST 2009

OPERATING ACCOUNT GL #733000 PAYOUTS

ACH Amount	Payable To:	Reason
1,342.64	AT&T	Phones - MO & HV
1,271.71	Credit Card	MasterCard
708.31	Louisville Water Company - MO	Office Occupancy
2,000.00	Postage	Postage
140.07	AT&T	Internet - Indiana
Total	5,462.73	



Holiday Loan Special

**\$1,000.00
8.00%* APR
1 Year Term**

No Payments until 2010
Monthly Payment of \$88
Available For a Limited Time
(November 1st - December 24th)

Apply at any of our offices in person, the main office via telephone (429-4955), Info-Teller (429-4955 "Press 1"), or our website.

* ACTUAL RATES MAY VARY AND ARE BASED ON A CREDIT SCORE

Send Us Your em@il Address

If you would like to be notified of special credit union promotions without having to wait on your newsletter or a special mailing simply click the last item on our home page in the 'Other Information' section. It fills in the subject line for you and all you need to do is send it. You will be among the first to be notified of holiday and office closings and periodic promotions.

www.jcfcu.org

JEFFERSON COUNTY FEDERAL CREDIT UNION

A COMMUNITY CREDIT UNION

Persons who live, work, worship, or attend school in, and businesses and other legal entities located in Bullitt, Henry, Jefferson, Oldham, Shelby, Spencer and Trimble Counties, Kentucky and Clark and Floyd Counties, Indiana are eligible to join.

Go Paperless...
Go with eStatements!

**SIGN UP FOR
e-STATEMENTS
& GET A CHANCE
TO WIN AN
IPOD TOUCH**



Sign up for e-Statements any time from October 1st through December 31st 2009. You will receive a chance to be in a drawing for a free iPod Touch. It's that easy! There is no need to wait on the postman to deliver your statement. You will find that your e-statement notification is almost always delivered to you by the first of each month. You can review your statement in a printer friendly format and archive a copy of it on your computer. Our quarterly newsletter and monthly publications are also provided for you to view online as well as being in a printer friendly format. Simply log onto our website at www.jcfcu.org, click the e-Statements link under "Announcements," and follow the directions. That's all there is to it! You can help make your postman happy while saving time and paper when you sign up for e-statements. The winner will be notified in January.

By The Way
**e-Statements
ARE FREE**

Check Our Low Loan Rates

New Auto Loans	5.24% APR
Used Auto Loans	5.74% APR
Signature Loans	9.75% APR
Equity (HELOC)	4.25% APR
Real Estate (Fixed)	5.05% APR

Auto Repay Terms up to 84 Months

Auto Financing Up to 110% of MSRP

Real Estate Terms up to 300 Months

Real Estate Financing Up to 100%

Actual Rates & Terms may vary and are based on a credit score and repayment term.

SERVICE REMINDER



E-MAIL ALERTS - When you visit Home Branch you can set up your own personal E-Alert(s). The only requirement is that you provide us with your e-mail address. You can choose to be notified about several things. When the designated event occurs, an email will be sent to you.

MEMBER TRANSFER - You can transfer funds to the account of any member of JCFCU via Home Branch. All you need to know is their account number. You do not have to be a joint owner on the account to complete this transaction..

For full details on these and other 24/7 convenient services go to our website and Home Branch.

Rewards # PLUS # Checking

**EARN 4.00% APY DIVIDEND
ON YOUR CHECKING ACCOUNT
GET UP TO \$15 PER MONTH IN
FOREIGN ATM SURCHARGE REFUNDS
NO MINIMUM BALANCE**

CALL OR CHECK THE WEBSITE FOR FULL DETAILS



Christmas Club 2010

It's time to start a Christmas Club account for next year. If you wish us to send you a check for this year's proceeds please call our main office or drop by any office to withdraw the funds in person. Increase your payroll deductions now for next year's shopping. And don't forget, this account earns dividend. If you aren't receiving a check this year, be sure to open your account so you will in 2010! Call us or stop by anytime after October 15th and we'll make your funds available or mail your check.

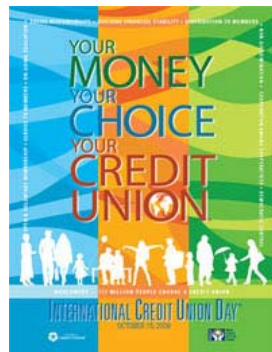
**Our HIGHVIEW Branch
H A S
Extended Friday Hours
24/7 Drive UP ATM
Drive Thru Lanes
Night Depository
Safe Deposit Boxes
Loan Officer on Site
A N D
Great Service!**



**6446 Outer Loop
[Outer Loop & Smyrna Rd]
502-964-9899**

THIRD QUARTER STAFF SERVICE ANNIVERSARIES

J. KEVIN LUSH	22	YEARS
Vice President Lending		
TROY WINDHORST	16	YEARS
Branch Officer - Highview		
DONNA HUGHES	10	YEARS
Branch Manager - MO		
DIANA STOESS	7	YEARS
Member Services Representative		
CATHY PENNELL	5	YEARS
Collection Specialist		



More than 177 million people worldwide belong to a credit union just like yours. Because when you go to the credit union, you're not just a customer-you're a member. It really is "your credit union." Banks belong to shareholders, hoping to profit from your transactions. At a credit union, any earnings are returned to you in the form of better rates on loans and savings. Knowing this, who wouldn't choose a credit union? On October 15, take the opportunity to show your current members how much you appreciate them and encourage prospective members to join.

Support the credit union movement!

Always be alert about fraudulent e-mails and phone calls asking for your JCFCU account information. Identity thieves are always running scams that target consumers. We will never call or e-mail and ask for account numbers and other confidential information. We already have it. Thank You!

Editor's Notes

We would like to officially welcome our newest staff members. **Bonnie Duffy** is our new Support Services officer. We would also like to welcome **Leah Wilkerson** who is our new Administrative Officer. Both of these folks look forward to helping us enhance our service to you and making your experience with JCFCU better.

OFFICE LOCATIONS

***** MAIN OFFICE *****

9600 Ormsby Station Road
Lou., KY 40223 * 502.429.4955
1.800-288-5228 (Toll Free)
Hours: M-T-W-T 9:00 AM - 4:30 PM
Friday - 9:00 AM - 6:30 PM

***** HIGHVIEW BRANCH *****

Outer Loop & Smyrna Road
6446 Outer Loop - Lou., KY 40228
502.964.9899 * Hours - Same as Main Office

***** DOWNTOWN BRANCH *****

Court House Annex Building
Suite 104 - 517 Court Place - Lou., KY 40202
502.574.6445 * Hours: 8:30 AM - 4:30 PM Daily

***** URBAN BRANCH *****

Urban Government Center
Suite 105 - 510 Barret Ave. - Lou., KY 40204
502.574.6213 - Hours: 8:30 AM - 4:30 PM Daily

***** INDIANA BRANCH *****

Federal Building - 'A' Wing - Rm. 157
1201 E. 10th St. - Jeffersonville, IN 47130
812.218.2848 - Hours: 8:30 AM - 4:30 PM Daily

***** CREDIT UNION SERVICE CENTERS *****

- (1) 4917-B Dixie Hwy. Louisville 40216
 - (2) 2925 Goose Creek Rd. Louisville 40241
- Hours: 9 - 7 Daily and 9 - 2 Saturday

WEBSITE - www.jcfcu.org

E-MAIL - mail@jcfcu.org

INFO TELLER Same Phone as Main Office & Press (1)



3,700 LOCATIONS NATION WIDE
Go to www.creditunion.net for full details.

OFFICE CLOSINGS - 2009

Monday	JAN 19	M. L. King Day *
Monday	FEB 16	President's Day *
Monday	MAY 25	Memorial Day
Friday	JUL 03	Independence Day
Monday	SEP 07	Labor Day
Monday	OCT 12	Columbus Day *
Wednesday	NOV 11	Veterans Day *
Thursday	NOV 26	Thanksgiving Day
Thursday	DEC 24	Christmas Eve
		(Close At 12:30 P.M.)
Friday	DEC 25	Christmas Day
Thursday	DEC 31	Year End Processing
		(Close At 12:30 P.M.)
Friday	Jan 01 (2010)	New Years Day

* LOUISVILLE SHARED BRANCH LOCATIONS OPEN

IMPORTANT INFORMATION

MEMBERSHIP REQUIREMENT: A MINIMUM BALANCE OF \$25.00 IS REQUIRED IN YOUR SHARE 1 ACCOUNT TO BE A MEMBER IN GOOD STANDING. IF YOURS IS BELOW THAT REMIT THE AMOUNT REQUIRED TO CORRECT IT IMMEDIATELY. ANY ACCOUNTS THAT REMAIN UNDER REQUIRED MINIMUMS WILL NOT RECEIVE STATEMENTS. AFTER 90 DAYS THESE ACCOUNTS WILL BE ASSESSED A FEE AND CLOSED.

STATUS CHANGE: REPORT ANY CHANGES IN YOUR NAME, ADDRESS, PHONE# OR TIN TO US IN WRITING SO WE CAN KEEP OUR RECORDS CURRENT AND GET YOUR MAIL TO YOU.

RATE INFORMATION: ALL DEPOSIT AND LENDING RATES ARE AVAILABLE VIA INFO-TELLER, OUR OFFICES OR WEBSITE.



Your Savings Federally Insured to at Least \$250,000 and Backed by the Full Faith and Credit of the United States Government

Month	August 2009																																			
Stations / Spots	WAVE-TV 3 (A - 18)																		WHAS-TV 11 (B - 16)								WLKY-TV 32 (C - 33)									
Date	Aug 2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	Sep 1	2	3	4	5	
Day	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	
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Total Spots = 71

Month	August 2009																															
Stations / Spots	WAMZ - FM (A - 90)																															
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