



JEFFERSON COUNTY FEDERAL CREDIT UNION

A COMMUNITY CREDIT UNION

Board Packet

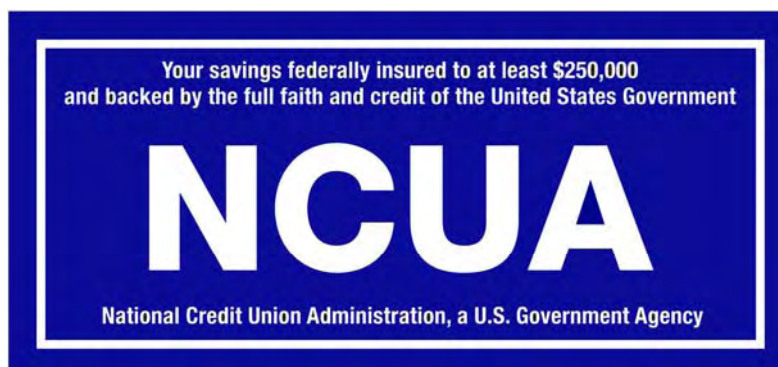


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**JEFFERSON COUNTY FEDERAL CREDIT UNION
BOARD OF DIRECTORS MEETING
AGENDA**

June 24, 2009

1. Approval of Minutes
 - a. May 27, 2009 - Board *
 - b. June 10, 2009 - Board *
 - c. May 27, 2009 – Supv. Comm. *
2. Correspondence
 - a. NCUA
 - i. 09- CU 10 * Capital
 - ii. 09- RA 05 * Federal Loan Modification Procedures
 - iii. 09- RA 06 * Identity Theft and Red Flag FAQs
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 – Minutes Attached
7. Unfinished Business
 - a.
8. New Business
 - a. Loan Officer Approval *
 - b. Investment Report Approval *
 - c. Assets In Process * None
 - d. Loan Charge Off Policy Exception * - 1 for \$6,883.20
 - e. Loan Charge Off * - 18 for \$74,852.28
 - f. Review Loan Allowance Account *
Increase June's transfer by \$16,000.
 - g. Review Overdraft Loan Allowance Account * -
Forego June's scheduled Income transfer of \$125 and transfer \$250 back to income.
 - h. Declare Dividend * For 2nd Quarter 2009
 - i.
9. Adjournment

*** Indicates Documentation Attached**

JEFFERSON COUNTY FEDERAL CREDIT UNION

MINUTES - BOARD OF DIRECTORS MEETING

DATE: May 27, 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)	Excused
Susan Clifton – Supv. Comm.	(SC)	Excused
Stan Robinson – Supv. Comm.	(SR)	Present
Joshua Jackson – Supv. Comm.	(JJ)	Excused
Gary Fischer – Supv. Comm.	(GF)	Present
Richard Koch – Supv. Comm.	(RK)	Present
Carl Hicks - President and CEO	(CH)	Present
Gary Edelen – SVP	(GE)	Present

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

A motion was made by WW and duly seconded by SS to approve the minutes of 04-22-09, 05-08-09 and 05-13-09. Vote Taken – Motion Carried.

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

TREASURER'S REPORT

WW reported the key ratios and other pertinent data for the most major areas impacted (before CUSIP & NCUA assessment and after) are compared below. The operation, as it was before these changes, is pretty much on target with our budget and projections with the exception of income from investments. It is lower than we could have imagined last October. Our overdraft fee income is the main area that has a noticeable shortfall but gained some ground this month. Our loan growth projection is not on target which drives that income down as well. Expenses are in line and within budget with the exception of the assessments which we obviously did not budget for. There was an increase in deposits from the previous month of \$2,071,000 and an increase of \$6,866,000 year to date. Loan volume for the month showed an increase of \$405,000 and net loans showed an increase of \$652,000 for the month and an increase of \$325,000 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.

Major Areas of Impact	REASON	BEFORE	AFTER	Difference
Assets	CU-SIP	93,445,061	118,445,061	25,000,000
Average Assets	CU-SIP	90,611,548	106,333,710	15,722,162
Investment Balance	CU-SIP	51,110,844	76,110,844	25,000,000
NET WORTH	CU-SIP	13.45%	10.61%	-2.84%
Long Term Assets	CU-SIP	21.75%	17.16%	-4.59%
Total Loans / Assets	CU-SIP	40.39%	31.87%	-8.52%
Fixed Assets	CU-SIP	1.72%	1.36%	-0.36%

INC- NET- YTD	NCUA	200,134	-292,262	-492,396
Return on Average Assets	NCUA	0.66%	-1.28%	-1.94%

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 the write down by US Central. NCUA will not have an audit on USC until sometime in June so more information will be available at that point. It now appears we may have to back off the March loss entries (no option afforded by NCUA) and use a longer write off term since the passage of S. 896.
2. At this moment the capital with KCFCU seems to be safe from what we thought was going to be a required write off.
3. Additional discussion ensued regarding Regional Director Swann's comments from the CEO roundtable discussion in northern Kentucky last week particularly about ALLL methodology, REG Z governing overdraft fees and interchange fees being capped. Any of these items could have a negative income on our bottom line.
4. It was agreed that SS, ED and CH would attend the June Session in Bowling Green. The KCUL volunteer conference and annual meeting will be discussed down the road.

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

SENIOR VICE PRESIDENT'S REPORT

GE made the following report. We had 66 TV commercials on three stations. Our business development person has been making cold calls and will represent us in the Lyndon fair for the first time ever. A motion was made by WW and duly seconded by LD to approve as printed and discussed. Vote Taken - Motion Carried.

ANNUAL MEETING COMMITTEE

CH reported that we will come in about \$200 under budget. The attendance graph for the past several years was reviewed and discussed.

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

SR reported they would meet at the conclusion of this meeting.

UNFINISHED BUSINESS - None

NEW BUSINESS

A motion was made by SS 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.

SR reported that the FOP is utilizing the Masonic Lodge on Third Street for a fish fry fund raiser 06-19-09 and advised we might want to be represented there. ED advised he will check with the FOP to make sure they are on board should we decide to do so. SR said if not we were welcome on any Saturday to distribute brochures or small handout items.

A motion was made by WW and duly seconded by ED to adjourn at 9:06 AM. Vote Taken - Motion Carried.

Chairman

Secretary

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

DATE: June 10, 2009
TIME: 8:30 A.M.
LOCATION: Holiday Inn – Hurstbourne Lane

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)	Present
Barbara Hays – Director	(BH)	Excused
Carl Hicks – President and CEO	(CH)	Present

Vice Chairman Schweitzer 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** – A brief discussion and update was given on last month's financial picture. Overdraft income was about \$11,000 on budget with the fee increase implemented 05-01-09. Net income YTD would have been \$24,000 under budget without the assessment and considering investment income is down \$61,000 that did not seem too bad. Actual net income was only \$21,000 under budget considering three paydays for staff and the investment income issue discussed above.
 - a. Due to an error on May month end processing transactions done via shared branch, home branch and audio in the amount of \$1,447.21 (net affect between share and loan balances) after the initial processing was complete (Friday night) did not get included on the GL, initial staff reports. They were recorded as of 06-01-09 transactions as they actually should have been but the initial reports Gary re-created 05-30-09 included them. Lindsay had to run new reports of actual close of business 05-29-09 as that is when the GL actually changed to 06-01-09.
2. **Deposit Rates** – Still very competitive in all areas. Longer term CDs were increased some last week.
3. **NCUAUS CENTRAL Write down** – No new official info. Rumor has it however that we will be forced to reverse the March entries relative to impairment losses and use the new rules NCUA will disseminate relative to S. 896 to write off those losses over a 7 (impairment amount) and (premium assessment) 8 year period. It also appears this will shield losses from our PIC and MC with Kentucky Corporate and avoid that write down. I plan to wait until Thursday to finalize May in the event we get instructions to make changes. It seems most likely that will not come until June.
4. **Credit Card Offering** – We are proceeding forward with a new program from Fifth Third. We also need to move the company cards to them. A motion was made by ED and duly seconded by SS to adopt the following resolution.
Vote Taken - Motion Carried.
 - a. The President and CEO is hereby authorized to open a charge card account with Fifth Third Bank for the purpose of charging allowable JCFCU expenses on up to ten different cards for staff and other officials he/she may authorize to carry and/or make allowable charges on a card. The line of credit and aggregate amount Fifth Third Bank will allow to be charged is \$40,000.00. This account and these cards will replace the account and cards currently open with PNC Bank f/k/a National City Bank (NCCS Processing). The change will be completed by August 1, 2009 and the NCCS accounts will be paid in full and the charge cards on that account destroyed. The new cards for this account will not have JCFCU on them but will be a Mastercard to allow us usage at Sams.The member's cards offered via Fifth Third will be VISA and will have JCFCU on them.
5. **New ID Theft Offering** – The initial notification will be in the July newsletter to all members. The formal disclosure will go to those with checking accounts as an insert with their August statement. Premium will begin being deducted in mid October for October. The opt our form will be available to any member at all offices not including shared branch locations.
6. **KCUL Meetings** – Steve, Ed and me will attend the June Ed session in Bowling Green. It was agreed to poll for attendees on the volunteer's conference and allow two from the Supervisory Committee to go if interested. The annual meeting will be discussed at a future meeting.

7. **Lending Changes Update** – CH reported the following lending changes had been made. The Board was in agreement with them as listed below. A discussion ensued on the details of the attached indirect loan report for the first five months of the year.
- a. The maximum auto loan (LTV) on A credit scores only will be increased from 100% to 110% of value plus tax and title. Dealers seem to send business where they can get their A customers a good rate and service. See the attached demonstrating a decline in indirect A business through 05-31-09. In January there were 9 deals, February 5, March 3, April 3, and May 3.
 - b. All non auto and light truck chattel loans will be restricted to A, B, and C credit scores only.
 - c. Rates on all C, D, and E score applicants and will be increased by 2% to cover the cost of projected additional losses that the economy may bring about. Even with this increase our rates are very competitive. If not the additional income will bolster our bottom line and capital which will be needed.
 - d. A new insurance program to reduce losses on repossessions was analyzed very thoroughly and a decision not to implement it was made as the potential reward from the coverage was considerably less than the expense required to be fronted. See the attached.
8. **Foreclosure** – A report was made on the property at 2417 Cedar St, account # 883660, Ms. Thaxton. The house next door was burned down and damaged our collateral. She was divorced when our loan was made and the proceeds were to buy the ex-husband out. They subsequently got back together but are apart for good now. She says the house is a mess and has bad memories and a lot of problems. Her insurance company issued a check for \$4,000 less than our pay off due to the fact that she took the abandon proceeds on the house not the replacement cost. She owes us a \$4,000 unsecured loan in addition to the remaining real estate balance. CH will offer her an unsecured loan for the other \$4,000 for up to 66 months as we want to get our lien off of the property so we are not responsible for rodent issues, grass cutting etc.

All the above items were discussed and reviewed by the Board. There being no further business WE declared the meeting adjourned at 9:45 A.M.

Chairman

Secretary

JEFFERSON COUNTY FEDERAL CREDIT UNION
MINUTES - SUPERVISORY COMMITTEE MEETING

DATE: May 27, 2009
TIME: 9:15 A.M.
LOCATION: Board of Directors Conference Room - Main Office

Members Present

Stan Robinson	(SR) – Acting Chair
Gary Fischer	(GF)
Richard Koch	(RK)

SR advised that the first 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) One teller was \$10 short, (2) One member's address was changed without the proper documentation being in file. Calls and correspondence have been made to contact the member and no irregular activity happened on the account. The employee was given a memo documenting her error and how important it was for this not to happen again., (3) Two loans with file maintained APR's with no actual irregularities happened in 2005-06 preceding a 2007 policy modification. 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.

A complaint letter directed to the committee chair regarding a CU policy was discussed and investigated (Smith 866370). The joint owner of a deceased member's account wanted to continue two CDs at the original rate dating back two years. Two staff members covered the facts with both the joint owner and her attorney. The attorney acknowledged that we were within our rights to do what we did after reviewing the document but could not convince the joint owner. She then called KCUL and the NCUA. Both replied to her that JCFCU had a legitimate policy. After reviewing all of the documentation it was unanimously decided to respond with a certified letter and to send her the check she had requested.

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

Stan Robinson – Acting Chair

NCUA LETTER TO CREDIT UNIONS

NATIONAL CREDIT UNION ADMINISTRATION
1775 Duke Street, Alexandria, VA 22314

DATE: May 2009
TO: Federally Insured Credit Unions
SUBJ: Matters Related to "Paid-in Capital" and "Membership Capital" of Corporate Credit Unions

LETTER NO.: 09-CU-10

Dear Board of Directors:

On March 20, 2009, NCUA placed U.S. Central Federal Credit Union (U.S. Central) and Western Corporate Federal Credit Union (WesCorp) into conservatorship and appointed itself conservator of both credit unions.¹ NCUA has since received many inquiries from members concerning the status of their "paid-in capital" (PIC) and "membership capital" (MCA) accounts at the corporates, and how those accounts are applied to absorb losses that U.S. Central and WesCorp are each required to recognize. The purpose of this Letter is to respond to those inquiries.

Regulatory Mandate to Cover Losses. Part 704 of NCUA Rules and Regulations prescribes the capital structure of federally-insured corporate credit unions (Corporates), which consists of two forms of invested capital: PIC and MCA. In addition to requiring both forms of capital to be uninsured, Part 704 expressly requires PIC to be "available to cover losses that exceed retained earnings," and MCA to be "available to cover losses that exceed retained earnings and PIC." In the case of U.S. Central and WesCorp, the regulatory mandate to cover losses was recited by both in the initial offering disclosures for PIC and MCA, in member subscription forms, and in required annual disclosures to MCA holders.²

Once a Corporate's retained earnings are exhausted, recognition of further losses creates a retained earnings deficit. From that point forward, the "losses that exceed retained earnings" trigger the regulatory mandate to apply PIC to "cover losses" represented by the retained earnings deficit, on a dollar-for-dollar basis. Once PIC is exhausted, further "losses that will exceed retained earnings and PIC" trigger the regulatory mandate to apply MCA to "cover losses." When that occurs, the impact flows down to the members of the Corporate, who must each evaluate their PIC and MCA investments for impairment and apply the lost value against their own retained earnings.

Exhaustion of Capital. The essential function of PIC and MCA is to serve as an additional reserve of capital to absorb losses in excess of retained earnings. Therefore, when there is a retained earnings deficit in a Corporate, the PIC and MCA are depleted to the extent necessary to resolve the deficit. PIC and MCA are at-risk capital reserves and because they are so designated, a Corporate has no legal obligation or authorization as a going concern to restore, replenish or recoup depleted PIC and MCA out of future retained earnings, even if retained earnings substantially improve. This is the case regardless whether generally accepted accounting principles (GAAP) classify PIC or MCA as a liability or equity.

Dividends. Once PIC and MCA are exhausted, such accounts are not entitled to earn dividends otherwise payable on outstanding PIC and MCA. However, the board of directors may elect to declare a dividend on any or all regular shares (*i.e.*, share, share draft and share certificate accounts) or on still-outstanding PIC and MCA, provided the dividend is paid on a pro rata basis within each class of shares. Such a dividend would indirectly benefit the former holders of depleted PIC and MCA according to their *outstanding* share balances. It would be impermissible to pay such a dividend to the holders of *outstanding* PIC and MCA according to the balance of their *depleted* PIC or MCA.

Impairment of Capital Assets. GAAP defines "impairment" of an asset for financial reporting purposes as the decline in fair value below its cost. The exhaustion of capital, which results from operation of a regulatory mandate (Part 704) to "cover losses" once a retained earnings deficit develops, is not synonymous with the determination by management of the investing credit union that its capital asset is "impaired." It is the responsibility of the board of directors and

¹ <http://www.ncua.gov/letters/2009/CU/09-CU-06.pdf>

² U.S. Central has two classes of PIC--"Member Paid-In Capital Shares" and "Paid-In Capital II Shares"--and two classes of MCA--"Corporate Membership Capital Shares" and "Non-Corporate Membership Capital Shares." In addition U.S. Central holds an NCUSIF Capital Note that is applied to cover losses after all other forms of capital are exhausted. WesCorp has a single class of PIC--"Permanent Capital Accounts"--and a single class of MCA--"Member Capital Accounts."

management of a credit union, in consultation with its independent accountants, to judge whether their credit union's PIC and MCA are impaired as defined by GAAP and, if so, whether the impairment is "other-than-temporary," thus warranting a charge against current period earnings.³

Exhaustion of Capital to Date. To date, U.S. Central PIC has been exhausted, and 23 percent of their MCA has been depleted. WesCorp PIC and MCA have both been exhausted. The precise measure of PIC and MCA depleted to absorb losses is reflected in member statements issued by U.S. Central and WesCorp. This information is relevant to each member's determination of the level of asset impairment, as explained above, that must be recognized in its statement of income.

U.S. Central previously reported to its members that 100 percent of PIC was exhausted and 63 percent of MCA were depleted by losses exceeding retained earnings. Though U.S. Central's best estimate of credit losses is still \$2.3 billion, discounting the cash flows from these losses in accordance with GAAP results in a reduction in other-than-temporary impairment (OTTI) charges to \$1.8 billion. As a result, MCA depletion is 23 percent, not 63 percent as originally reported on April 30.

The exhaustion of WesCorp members' PIC and MCA was insufficient to resolve the deficit in undivided earnings. Thus, NCUA has authorized WesCorp to operate with special assistance under a "prior undivided earnings deficit" (PUED). Once a credit union's capital is exhausted, a PUED provides for regulatory segregation of the retained earnings deficit to capture the permissible accumulated deficit position. As a result, WesCorp is able to continue providing uninterrupted service to members, including the payment of dividends on regular shares (*i.e.*, share, share draft and share certificate accounts).

To authorize special assistance under a PUED *prior* to the exhaustion of PIC and MCA would be contrary to the essential function of PIC and MCA as at-risk capital to absorb losses *ahead* of the National Credit Union Share Insurance Fund (Fund). Such unprecedented pre-exhaustion special assistance would subsidize PIC and MCA holders at the expense of the Fund, exposing natural person credit unions to increased premiums. Putting PIC and MCA holders ahead of the Fund would fundamentally and permanently compromise the purpose and meaning of capital in the credit union system.

Impact on Membership. Credit union membership is based on ownership of a par value regular share. Subsequent to conservatorship, U.S. Central and WesCorp each waived the bylaw requirement that members maintain a prescribed level of MCA in order to continue membership. A credit union's membership in either U.S. Central or WesCorp will not be affected by depletion of capital below the minimum level otherwise required to maintain membership.

Conclusion. The NCUA Board recognizes that the exhaustion of PIC and MCA will adversely impact the members of U.S. Central and WesCorp. For that reason, examiners will continue to monitor events related to corporate stabilization efforts and, consistent with Supervisory Letter 09-01⁴, will take into consideration the effect of exhausted corporate capital on natural person credit union capital and earnings. If you have questions about the contents of this letter, please direct them to your examiner, regional office or state supervisor, as appropriate.

Sincerely, Michael E. Fryzel

³ The American Institute of Certified Public Accountants (AICPA) recently issued a non-authoritative Technical Practice Aid providing guidance on evaluating the impairment of a credit union's capital investments in a corporate credit union. Evaluation of Capital Investments in Corporate Credit Unions for Other-Than-Temporary Impairment, AU Section 6995.02, http://www.aicpa.org/download/acctstd/Credit_Union_TPAAs.pdf, reference page 5.

⁴ LTCUs No. 09-FCU-04 <http://www.ncua.gov/letters/2009/FCU/09-FCU-04.pdf>
Related Enclosure <http://www.ncua.gov/letters/2009/FCU/EnclosureSupLetter09-01.pdf>

REGULATORY ALERT

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

DATE: April 2009
TO: Federally Insured Credit Unions
SUBJ: Guidance on Filing Suspicious Activity Reports
Regarding Loan Modification/Foreclosure Rescue Scams

NO: 09-RA- 05

Dear Board of Directors,

The Financial Crimes Enforcement Network (FinCEN) recently issued an advisory to highlight loan modification/foreclosure rescue scams so that financial institutions may better assist law enforcement when filing Suspicious Activity Reports (SARs).

In the current economic environment, many homeowners are encountering significant difficulty in making their mortgage payments. This difficulty has led to an increasing amount of fraud in the form of loan modification/foreclosure "rescue" schemes. Under the pretense of helping homeowners modify their mortgage obligations, these schemes result in the loss of money, equity, and in many cases, the home itself.

The activities of credit unions may intersect with these rescue scams in the following two ways:

- Persons or entities perpetrating loan modification/foreclosure rescue scams may seek the services of credit unions for the purpose of receiving, depositing or moving funds relating to the scams; and
- Credit unions may become aware of such scams through their interactions with members who have become victims.

Credit unions are reminded of the requirement to implement appropriate risk-based policies, procedures and processes to aid in the identification of potentially suspicious transactions. These processes should include conducting appropriate member due diligence on a risk-assessed basis.

A list of potential indicators of loan modification/foreclosure rescue scams is included in the guidance. In order to assist law enforcement in its efforts to target this type of fraudulent activity, FinCEN requests the term "foreclosure rescue scam" be included in the narrative portions of all relevant SARs filed. FinCEN further requests that the Suspect/Subject Information Section of the SAR include all information available for each party suspected of engaging in this fraudulent activity. This information should include the individual or company name, address, phone number and any other identifying information.

In many cases, the homeowner is a victim of the scam and therefore should not be listed as a suspect unless there is reason to believe the homeowner knowingly participated in the fraudulent activity. When the homeowner is simply a victim of the scam, including all available information in the narrative portion of the SAR about the homeowner and his or her property will assist law enforcement in investigating these potential crimes.

A complete copy of FIN-2009-A005 may be obtained at http://www.fincen.gov/statutes_regs/guidance/pdf/fin-2009-a001.pdf.

If you have any questions regarding this FIN-2009-A005, please contact your district examiner, regional office, or state supervisory authority.

Sincerely, Michael E. Fryzel

REGULATORY ALERT

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

DATE: June 2009 LETTER NO.: 09-RA-06
TO: Federally Insured Credit Unions
SUBJ: Identity Theft Red Flags and Address Discrepancies Guidance
ENCL: Frequently Asked Questions: Identity Theft Red Flags and Address Discrepancies

Dear Board of Directors:

The Federal Financial Institutions Examination Council (FFIEC) Agencies⁵ and the Federal Trade Commission (FTC) (collectively Agencies) have developed guidance to assist financial institutions, creditors, users of consumer reports, and card issuers in complying with the final rulemaking on Identity Theft Red Flags and Address Discrepancies implementing section 114 of the Fair and Accurate Credit Transactions Act of 2003 (FACT Act), 15 U.S.C. § 1681m, and section 315 of the FACT Act, 15 U.S.C. § 1681c, that amended the Fair Credit Reporting Act (FCRA).⁶ The purpose of this letter is to provide credit unions a copy of the Agencies' guidance entitled *Frequently Asked Questions: Identity Theft Red Flags and Address Discrepancies*.

Subsequent to the issuance of the Red Flags Rules and Address Discrepancy Rules (including Appendices and Supplements), the Agencies received additional inquiries and requests for clarification. The Agencies developed the attached frequently asked questions (FAQs) to assist financial institutions, creditors, users of consumer reports, and card issuers in complying with the final rules.

The FAQs elaborate on the supplemental information where additional clarification is necessary and also explain the Agencies' view of how select provisions of the rulemaking apply to situations that were not specifically addressed in the final rules or supplemental information. The Agencies may supplement or revise the FAQs as necessary or appropriate in light of further questions and experience. The FTC will be issuing additional FAQs to answer questions specific to entities under FTC jurisdiction.

The guidance is divided into four major sections:

- General FAQs;
- Identity Theft Red Flags (Red Flags Rules and Guidelines);
- Duties of Card Issuers Regarding Changes of Address (Card Issuers' Rules); and
- Duties of Users Regarding Address Discrepancies (Address Discrepancy Rules).

If you have questions concerning the Identity Theft Red Flags Rules or Address Discrepancy Rules and/or the enclosed FAQs, contact your NCUA Regional Office or State Supervisory Authority.

Sincerely, Michael E. Fryzel

⁵ The FFIEC Agencies are: Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, National Credit Union Administration, Office of the Comptroller of the Currency, and Office of Thrift Supervision. The council also includes the State Liaison Committee.

⁶ For federal credit unions: 12 C.F.R. part 717 (NCUA Rules & Regulations); for state chartered credit unions: 16 C.F.R. part 681 (FTC).



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

ASSETS		LIABILITIES	
LOANS	38,090,657.71	ACCOUNTS PAYABLE	1,783.69
ASSETS IN LIQUIDATION OF LOANS - RE	0.00	MONEY ORDERS	2,900.89
ASSETS IN LIQUIDATION OF LOANS - AU	8,473.78	TRAVELERS CHECKS	0.00
REAL ESTATE LOANS - TECUMSEH	<u>64,447.81</u>	AMUSEMENT PARK TICKETS	4,141.49
		KYCUPAC - FROM MEMBERS	54.00
		DEATH CLAIMS	400,158.66
TOTAL LOANS TO MEMBERS	38,163,579.30	EMPLOYEE 401(K) PLAN	0.00
ALLOW. FOR LOAN LOSSES	(251,810.14)	INSURANCE COMPANIES	9,351.88
ALLOW. FOR OVERDRAFT LOSSES	<u>(1,798.93)</u>	FLOOD DETERMINATION	108.00
		RECORDING FEES - CLERK	308.00
NET LOANS	37,909,970.23	ATTORNEY FEES	10,197.00
		APPRAISALS	<u>(1,570.00)</u>
		TOTAL ACCOUNTS PAYABLE	427,433.61
FIFTH THIRD	(165,883.94)	DIVIDENDS PAYABLE	168,729.77
VAULT CASH	516,135.15	CLF CU SIP NOTE PAYABLE	25,000,000.00
CHANGE FUND - ATM MACHINE	63,890.00		
PETTY CASH	<u>50.00</u>	FEDERAL TAXES	0.00
CASH TOTAL	414,191.21	KENTUCKY STATE TAXES	0.00
		FEDERAL & STATE UNEMPLOY.	0.00
KENTUCKY CORPORATE FCU	16,849,508.32	OCCUPATIONAL TAXES	0.00
FEDERAL HOME LOAN BANK OF CINCINNATI	140,089.43	TAXES HELD ON DIVIDENDS	3,239.58
DEPOSITS - OTHER FINANCIAL INSTITUTIONS	35,424,000.00	ACCRUED PROPERTY TAXES	7,247.31
SHARE ONE CUSO INVESTMENT	100,000.00	PENALTIES ON PREMATURE IRA DISTR.	<u>0.00</u>
LOAN TO CUCKY	0.00	TOTAL TAXES PAYABLE	10,486.89
CLF CU SIP INVESTMENT	<u>25,000,000.00</u>		
TOTAL INVESTMENTS	77,513,597.75	ACCRUED EXPENSES	<u>426,082.09</u>
		TOTAL ACCRUED EXPENSES	426,082.09
		ACCRUED NCUSIF STABILIZATION EXPENSE	59,087.52
ACCRUED INTEREST - LOANS	180,366.30	UNAPPLIED EXCEPTIONS	48,800.71
OTHER ACCRUED INCOME	<u>70,717.32</u>	TOTAL LIABILITIES	26,140,620.59
		CAPITAL	
TOTAL ACCRUED INCOME	251,083.62	REGULAR SHARE ACCOUNTS	18,160,382.43
		CLUB ACCOUNTS	837,940.51
PREPAID & DEFERRED EXPENSES	<u>74,154.45</u>	SHARE DRAFT ACCOUNTS	5,206,800.78
TOTAL PREPAID & DEFERRED	74,154.45	CASH INVESTMENT ACCOUNTS	28,239,727.96
		CORPORATE CASH INVESTMENT	2,431,295.42
LAND - MAIN & OUTER LOOP OFFICE	448,100.00	REWARDS CHECKING	1,728,626.86
BUILDING - MAIN & OUTER LOOP OFFICE	1,547,029.32	IRA - ACCUMULATION ACCOUNTS	1,580,430.40
IMPROVEMENTS - MAIN OFFICE	3,457.83		
IMPROVEMENTS - BRANCH 1	1,615.53	CERTIFICATES - REGULAR	19,418,697.25
IMPROVEMENTS - BRANCH 2	0.00	CERTIFICATES - IRA	3,825,509.32
IMPROVEMENTS - BRANCH 3	0.00		
IMPROVEMENTS - BRANCH 4	0.00	CERTIFICATES - TOTAL	<u>23,244,206.57</u>
ACCUM. DEPR. - MAIN & OUTER LOOP OFFICE	(508,567.50)	TOTAL SHARES	81,429,410.93
FURNITURE & EQUIPMENT	78,267.09	REGULAR RESERVE	1,901,148.19
COMPUTER EQUIPMENT	<u>28,028.84</u>	RESERVE FOR CONTING.	0.00
TOTAL FIXED ASSETS	1,597,931.11	UNDIVIDED EARNINGS	10,957,014.11
		NET INCOME	<u>(266,875.32)</u>
ACCOUNTS RECEIVABLE	0.00	TOTAL CAPITAL	94,020,697.91
DEFERRED COMPENSATION	2,131,202.44		
CAPITAL DEPOSIT - CUCKY	65,664.00	TOTAL CAPITAL & LIABILITIES	120,161,318.50
DEPOSIT - NCUSIF	<u>203,523.69</u>		
TOTAL OTHER ASSETS	2,400,390.13		
TOTAL ASSETS	120,161,318.50		

Jefferson County Federal Credit Union
BUDGET REVIEW
May 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	235,666.32	236,908.00	1,134,955.67	1,175,723.00	(40,767.33)	54.07%
INVESTMENTS	88,428.14	113,985.00	502,311.27	563,351.00	(61,039.73)	20.29%
INTEREST ON CLF CU SIP	20,298.49	0.00	70,717.32	0.00	70,717.32	4.66%
INSURANCE REIMB.	3,536.34	3,900.00	22,016.58	19,500.00	2,516.58	0.81%
MO & CHK FEE	342.00	425.00	1,974.17	2,125.00	(150.83)	0.08%
OVERDRAFT FEE	63,361.05	69,000.00	259,703.84	345,000.00	(85,296.16)	14.54%
WIRE TRANS. & CMO	230.00	300.00	1,117.00	1,500.00	(383.00)	0.05%
LOAN LATE FEE	3,990.02	4,400.00	21,184.23	22,000.00	(815.77)	0.92%
ATM SURCHARGE FEES	376.50	275.00	1,752.00	1,275.00	477.00	0.09%
SHARE DRAFT & ATM	1,876.16	2,450.00	9,800.06	12,150.00	(2,349.94)	0.43%
MISCELLANEOUS INC.	1,204.00	1,600.00	6,189.48	8,000.00	(1,810.52)	0.28%
LOCK BOX FEE	110.00	160.00	900.00	800.00	100.00	0.03%
ATM TRANSACTION FEE	539.00	800.00	2,598.00	4,000.00	(1,402.00)	0.12%
LOAN APPLICATION FEE	325.00	250.00	1,075.00	1,150.00	(75.00)	0.07%
MEMBERSHIP FEE	365.00	450.00	2,195.00	2,250.00	(55.00)	0.08%
C-CARD INCOME	0.00	225.00	1,136.80	1,025.00	111.80	0.00%
D-CARD INTERCHANGE	15,204.30	14,750.00	69,468.83	72,750.00	(3,281.17)	3.49%
TOTAL INCOME	435,852.32	449,878.00	2,109,095.25	2,232,599.00	(123,503.75)	100.00%
E X P E N S E S						
SALARIES - REGULAR	115,405.45	120,392.00	416,349.34	446,298.00	(29,948.66)	26.48%
SALARIES - OVERTIME	287.33	952.00	930.02	2,346.00	(1,415.98)	0.07%
CONTRACT EMPLOY.	0.00	400.00	0.00	2,000.00	(2,000.00)	0.00%
401K COSTS	5,200.18	5,218.00	18,895.60	19,292.00	(396.40)	1.19%
SOCIAL SECURITY TAX	8,733.38	9,282.00	31,259.05	34,320.00	(3,060.95)	2.00%
UNEMPLOYMENT TAX	187.26	475.00	4,880.80	2,375.00	2,505.80	0.04%
STAFF INSURANCE	13,440.45	15,600.00	70,658.51	78,000.00	(7,341.49)	3.08%
LOCAL TRAVEL	605.85	925.00	2,034.06	4,625.00	(2,590.94)	0.14%
VEHICLE MAINTENANCE	352.94	500.00	1,191.30	2,500.00	(1,308.70)	0.08%
OUT OF TOWN TRAVEL	267.50	900.00	1,814.24	4,500.00	(2,685.76)	0.06%
BOARD MEETING EXP.	270.83	1,340.00	2,217.66	6,700.00	(4,482.34)	0.06%
ASSOC. DUES & SUBSCR.	1,552.46	2,269.00	10,862.38	11,345.00	(482.62)	0.36%
OFFICE OCCUP. EXP.	12,193.41	13,838.00	70,051.50	73,012.00	(2,960.50)	2.80%
BLDG.-LAND IMPROV.	395.08	595.00	1,975.40	2,975.00	(999.60)	0.09%
TELEPHONE EXPENSE	1,533.67	1,842.00	7,695.69	9,210.00	(1,514.31)	0.35%
POSTAGE	3,860.75	5,800.00	22,152.64	28,700.00	(6,547.36)	0.89%
MAINT. OF EQUIP.	2,368.78	1,182.00	6,816.79	5,910.00	906.79	0.54%
STATIONARY & SUPP.	1,239.01	2,400.00	7,011.23	12,000.00	(4,988.77)	0.28%
INSURANCE	2,833.89	3,500.00	14,915.50	15,961.00	(1,045.50)	0.65%
DEPRECIATION - FURN.	3,356.93	3,687.00	18,082.08	19,568.00	(1,485.92)	0.77%
BANK SERVICE CHARGE	24,504.63	17,348.00	128,575.23	121,235.00	7,340.23	5.62%
COMPUTER EXPENSE	15,156.44	17,479.00	76,583.44	87,213.00	(10,629.56)	3.48%
EDUCATIONAL & PROM.	7,935.00	9,167.00	37,438.09	45,835.00	(8,396.91)	1.82%
LOAN SERVICING EXP.	7,226.36	6,595.00	42,135.66	32,390.00	9,745.66	1.66%
PROF. & OUTSIDE EXP.	7,947.00	10,888.00	45,184.10	55,243.00	(10,058.90)	1.82%
FEDERAL SUPERVISION	1,737.74	1,596.00	8,405.22	7,980.00	425.22	0.40%
NCUSIF INS. PREMIUM	19,695.84	625.00	59,087.52	3,125.00	55,962.52	4.52%
NCUSIF STABILIZATION EXPENSE	0.00	0.00	453,004.35	0.00	453,004.35	0.00%
CASH OVER & SHORT	189.31	100.00	235.67	500.00	(264.33)	0.04%
COST-BORROWED FUND	14,990.36	0.00	52,224.48	0.00	52,224.48	3.44%
ANNUAL MEETING EXP.	700.00	700.00	3,500.00	3,500.00	0.00	0.16%
MISCELLANEOUS EXP.	9.40	3,850.00	2,326.69	19,250.00	(16,923.31)	0.00%
TOTAL OPER. EXP.	274,177.23	259,445.00	1,618,494.24	1,157,908.00	460,586.24	62.91%
ALLOWANCE - LOAN LOSS	0.00	0.00	92,411.00	92,500.00	(89.00)	0.00%
ALLOWANCE - OVERDRAFT LOSS	125.00	125.00	(818.00)	625.00	(1,443.00)	0.03%
DIVIDENDS	136,163.71	144,064.00	670,250.33	712,014.00	(41,763.67)	31.24%
(GAIN)LOSS ON INVESTMENTS	0.00	0.00	(4,367.00)	0.00	(4,367.00)	0.00%
TOTAL EXPENSES	410,465.94	403,634.00	2,375,970.57	1,963,047.00	412,923.57	94.18%
NET INCOME	25,386.38	46,244.00	(266,875.32)	269,552.00	(536,427.32)	5.82%
NET INCOME -						
WITHOUT NCUA ASSESSMENT	45,082.22		245,216.55			

P R E S I D E N T ' S R E P O R T June 24, 2009

MEETING SCHEDULE - 2009

MONTH	DATE	DAY	TIME	TYPE	LOCATION
July	07-08-09	Wednesday	08:30 AM	Executive	Holiday Inn – Hurstbourne Lane
July	07-22-09	Wednesday	08:30 AM	Regular	Main Office
August	08-12-09	Wednesday	08:30 AM	Executive	Holiday Inn – Hurstbourne Lane
August	08-26-09	Wednesday	08:30 AM	Regular	Main Office
September	09-09-09	Wednesday	08:30 AM	Executive	Holiday Inn – Hurstbourne Lane
September	09-23-09	Wednesday	08:30 AM	Regular	Main Office
November	11-21-09	Saturday	09:00 AM	Planning	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. The operation before these changes is pretty much on target with our budget projections except for income from investments. Overdraft income has a noticeable shortfall but gained some ground this month. January was under \$10,000, February under \$31,000, March under \$27,000, April under \$12,000 and May only under \$5,500. Our loan growth projection is not on target which drives that income down some as well. Expenses are in line and within budget with the exception of the assessments. There was an increase in deposits from the previous month of \$1,459,000 and an increase of \$8,325,000 year to date. Loan volume for the month showed an increase of \$55,000 and net loans showed an increase of \$415,000 for the month and an increase of \$741,000 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	95,161,319	120,161,319	25,000,000
Average Assets	CU-SIP	91,521,502	111,521,502	20,000,000
Investment Balance	CU-SIP	52,513,598	77,513,598	25,000,000
NET WORTH	CU-SIP	13.77%	10.48%	-3.29%
Long Term Assets	CU-SIP	21.75%	17.23%	-4.52%
Total Loans / Assets	CU-SIP	40.10%	31.76%	-8.34%
Fixed Assets	CU-SIP	1.68%	1.33%	-0.35%
INC- NET- YTD	NCUA	245,217	-266,875	-512,092
Return on Average Assets	NCUA	0.64%	-0.57%	-1.21%

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

As of 04-15-09	5	19,833.59
As of 05-15-09	7	32,416.74
As of 06-15-09	6	22,638.49

T O T A L 18 74,852.28

LENDING ACTIVITY

RE LOANS - May 2009									
DATE	NAME	ACCOUNT #	APPRAISAL	NEW MONEY	LOAN AMOUNT	EQUITY	TERM IN MONTHS	CREDIT LIMIT	APPROVED BY
5/15/09	Stewart	700183412	125,000	80,684	100,000	100,000	180	0	CEO
	Stewart - 2nd	Universal		20,413	20,413	0	180	0	CEO
5/26/09	Davis	700206968	165,000	130,545	101,463	132,000	180	0	CEO
TOTAL/AVG		2	290,000	231,642	221,876	232,000	180	0	

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

COMMENTS: NONE

INVESTMENT ACTIVITY

CD Purchases - May 2009								
DATE	AMOUNT	TERM	RATE	INSTITUTION	CITY	ST	CODE	
05/01/09	100,000	18	1.35%	WORTHINGTON FEDERAL BANK	HUNTSVILLE	AL	3	
	100,000	8	0.93%	KCFCU				
	100,000	9	1.06%	KCFCU				
	100,000	10	1.11%	KCFCU				
	100,000	11	1.10%	KCFCU				
	100,000	12	1.08%	KCFCU				
05/04/09	100,000	10	1.11%	KCFCU				
	100,000	11	1.10%	KCFCU				
05/05/09	99,000	18	1.60%	CACHE VALLEY BANK	LOGAN	UT	3	
	99,000	24	2.00%	ARCHER COOPERATIVE CREDIT UNION	ARCHER	NE	3	
	100,000	10	1.09%	KCFCU				
	100,000	11	1.07%	KCFCU				
05/06/09	100,000	12	1.10%	RELIANCE BANK	FT. MEYER	FL	3	
	100,000	24	1.75%	MAIN STREET BANKI	KINGWOOD	TX	3	
	100,000	9	1.03%	KCFCU				
	100,000	10	1.09%	KCFCU				
	100,000	11	1.07%	KCFCU				
05/07/09	99,000	24	1.93%	CAPITAL ONE NATIONAL ASSOC.	McLEAN	VA	2	
05/08/09	100,000	6	0.72%	RELIANCE BANK	FT. MEYER	FL	3	
	149,000	6	0.90%	INDEPENDENCE BANK	HAVRE	MT	2	
	150,000	7	0.78%	KCFCU				
05/11/09	102,000	6	0.92%	AFFILIATED BANK	BEDFORD	TX	2	
	100,000	10	1.07%	KCFCU				
05/12/09	99,000	12	1.35%	INDEPENDENCE BANK	HAVRE	MT	2	
	99,000	12	2.00%	FIRST STATE BANK	NORTON	KS	1	
05/13/09	100,000	4	0.34%	KCFCU				
	100,000	5	0.48%	KCFCU				
	100,000	6	0.62%	KCFCU				
05/14/09	100,000	12	1.05%	FINANCIAL BUILDERS FED. CREDIT UNION	KOKOMO	IN	3	
	100,000	12	1.05%	HOWARD BANK	ELLCOTT CITY	MD	3	
	100,000	18	1.40%	GULF COAST BANK & TRUST	NEW ORLEANS	LA	2	
05/15/09	99,000	12	1.25%	BANK OF LINCOLN COUNTY	FAYETTEVILLE	TN	2	
	99,000	18	1.25%	WATERSTONE BANK	WAUATOSA	WI	2	
	100,000	9	0.96%	KCFCU				
05/18/09	100,000	24	1.55%	ROUND BANK	WASECA	MN	2	
	100,000	24	1.65%	NATIONAL BANK OF NEW YORK	FLUSHING	NY	2	
	99,000	12	1.15%	LAKE AREAS FEDERAL CREDIT UNION	GRAND RAPIDS	MN	3	

	48,000	6	0.80%	LAKE AREAS FEDERAL CREDIT UNION	GRAND RAPIDS	MN	3
	100,000	10	0.94%	KCFCU			
05/19/09	99,000	12	1.19%	AMERICAN MARINE BANK	BAINBRIDGE ISLAND	WA	2
	99,000	18	1.65%	MERCANTILE BANK	QUINCY	IL	2
FEDERAL DEPOSIT INSURANCE IS NOW \$250,000 THRU 12-31-13							
05/21/09	149,000	12	1.03%	VIKING BANK	SEATTLE	WA	2
05/22/09	149,000	12	1.00%	ESL FEDERAL CREDIT UNION	ROCHESTER	NY	2
	149,000	18	1.32%	CAPTIAL ONE NATIONAL ASSOC.	McLEAN	VA	2
	99,000	24	1.95%	ENTERPRISE BANK & TRUST	CLAYTON	MO	2
05/27/09	248,000	24	1.95%	THE BANK OF THE WEST	THOMAS	OK	1
05/29/09	100,000	12	1.10%	FIRST INTERCONTENTIAL BANK	DORAVILLE	GA	2
	100,000	12	1.10%	FIRST INTERCONTENTIAL BANK	DORAVILLE	GA	2
	48,000	12	1.05%	HERITAGE BANK	ERLANGER	KY	1
	148,000	18	1.45%	FIRST FS&LA OF CHARLESTON	CHARLESTON	SC	3
TOTAL	5,329,000	13	1.19%	50			

INVESTMENT ACTIVITY – FAILED BANKS

	<u>AMOUNT</u>	<u>BANK</u>	<u>DATE</u>	<u>DISPOSTION</u>
1.	None			

QUARTERLY PROCESSING ITEMS

- LOANS FOR TRANSFER TO ASSETS IN PROCESS OF LIQUIDATION – NONE
- LOAN CHARGE OFF POLICY EXCEPTIONS – 1 for \$6,833.20
- LOAN CHARGE OFF – 18 for \$74,852.28
- QUARTERLY REVIEW OF THE "ALLOWANCE FOR LOAN LOSSES ACCOUNT" -
We are currently under funded in the amount of \$15,930 including the budget funding from June's income. I recommend we transfer an additional \$16,000 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 June transfer of \$125.00 to income to bring the account to an acceptable level.
- DIVIDEND INFORMATION & RECOMMENDATIONS

Share Category	Rate Paid 1st Quarter - 09	APY Paid 1st Quarter - 09	Proposed Rate 2nd Quarter - 09	Proposed APY 2nd 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 - >
Rewards +	4.17%	4.25%	3.98%	4.00%	\$0 - 25,000 - Ach
Rewards +	0.50%	0.50%	0.25%	0.25%	\$25,001 & > - Ach
Rewards +	0.50%	0.50%	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%	1.05%	1.05%	\$2,500 - 9,999
CIA and CCIA	1.34%	1.35%	1.34%	1.35%	\$10,000 - 24,999
CIA and CCIA	1.64%	1.65%	1.54%	1.55%	\$25,000 - 49,999
CIA and CCIA	1.98%	2.00%	1.84%	1.85%	\$50,000 - 99,999
CIA and CCIA	2.47%	2.50%	2.03%	2.05%	\$100,000 & >

The Rewards Rates are Effective 05-01-09 & CIA & CCIA Rates Above are Effective 04-01-09

DIVIDEND RECOMMENDATIONS FOR CIA & CCIA – 07-01-09 – See Attached

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	1.64%	1.65%	1.19%	1.20%	\$25,000 - 49,999
CIA and CCIA	1.98%	2.00%	1.39%	1.40%	\$50,000 - 99,999
CIA and CCIA	2.47%	2.50%	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.								
2. 888360	Thaxton, E.	2417 Cedar St	40212					
Per our discussion from 06-10-09 we applied the insurance proceeds leaving a \$3,600 balance. Gary negotiated with her and I authorized Kevin to approve a 66 month term loan booked as unsecured but we did retain our lien on the property for the near term. She feels she has it sold at which time we'll get the balance on this loan but if things do not go as planned we can release our lien and eliminate any further liability.								

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 – May 2009

None

SUSPICIOUS ACTIVITY REPORTS (SARS) – May 2009

3 For \$89,810.00

KCUL 2009 Functions

1. June Education Session – Good session with good speakers – Future sessions will probably differ
2. Volunteers Education Session 07-31 to 08-02, 2009 French Lick, IN Supv. Comm?
3. Annual Meeting & Education Session 11-04 to 11-06, 2009 Ft. Mitchell, KY

INDIRECT LENDING ANALYSIS

Attached for your review.

NEWSLETTER

Attached for your review.

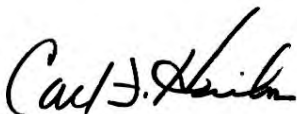
FOR YOUR INFORMATION

- ✓ **CU deposits and capital rise, earnings problematic - (6/2/09)**--Credit unions are seeing a swell in deposit growth, but may find it harder to generate earnings over the next couple of years, according to a Credit Union National Association (CUNA) economist. The credit union movement's overall capital-to-asset ratio for April is at 9.6%, and the total dollar amount of capital is at \$83 billion, reported the CUNA monthly sample of credit unions. "After falling for three consecutive months, credit union capital levels rose 0.1% in April, reaching \$83.34 billion," Steve Rick, CUNA senior economist, told *News Now*. "Capital levels are now down 8.3% from the peak of \$90.84 billion reached last November. "Credit unions' return on assets is expected to fall to less than 0.20% in 2009--excluding corporate stabilization costs--as rising loan loss provisions eat up most pre-provision income," he added. "Over the next couple of years, all financial institutions are going to find it harder to generate earnings." Credit union asset balances rose 0.5% in April and 4.7% year-to-date, Rick said. With assets growing faster than capital, the capital-to-asset ratio fell to 9.56% in April from 10.8% at the end of 2008. "With this ratio expected to fall over the next two years, credit unions are now operating with a heightened awareness of risk, especially the systemic risks facing an economy going through the worst recession since the Great Depression," he added. Credit union loans outstanding increased 0.2% in April 2009 and 0.3% during the first four months of 2009, down from a 1.2% increase during the same period of 2008. Leading loan growth was other loans, rising 1.8%, while credit card loans and home equity loans grew 1.1% each. Used-auto loans (0.8%) and adjustable-rate mortgages (0.7%) also increased this month. Declining during April were other mortgages (-1.2%) and new-auto loans (-1.1%). "Relative to other financial institutions, credit unions maintain more consistent credit standards throughout business cycles," Rick said. "This cost credit unions some loans in good times, but is now increasing their credit market share in the current economic downturn. "Specifically, credit unions are making significant gains in the mortgage market," he continued. "Fixed-rate mortgage loans are up 10.5% from April 2008, while home equity loan balances are up 13%. Credit unions need to guard against a rising adverse selection problem, however, as high-risk borrowers who are denied credit at banks turn to credit unions for loans." Credit union savings balances rose 0.7% in April, but grew 6.4% during the first four months of 2009. Individual retirement accounts grew the fastest with a 3.6% increase, followed by money market accounts (1.4%), share drafts (1%) and regular shares (1%). One-year certificates declined 0.6% during April. "As U.S. households change their financial behavior by deleveraging their balance sheets, credit unions are seeing a surge in deposit growth," Rick explained. "Savings balances rose 0.7% in April and 6.4% year-to-date, the fastest pace since the 2001 recession. Credit unions should not minimize the scale of the changes sweeping over the financial services industry and should begin planning for the 'new normal' business environment." The loan-to-savings ratio remains close to 79% during the last three months. The liquidity ratio--the ratio of surplus funds maturing in less than one year to borrowings plus other liabilities--remained at 19%. Credit union 60-plus-day delinquencies grew to 1.6% in April 2009 from 1.5% in March.
- ✓ **Auto-loan delinquencies soared during the first quarter, TransUnion reported Monday.** The 60-day delinquency rate was 0.83%, up almost 28% from 0.65% a year earlier. While remaining relatively low, the increase suggests that "consumers continue to be stressed," said Peter Turek, automotive vice president at TransUnion. Other data from the credit-reporting agency show consumer stress as well. The mortgage-delinquency rate jumped to 5.22% in the first quarter, up 62% from a year earlier and the ninth consecutive quarterly increase. The delinquency rate for bank-issued credit cards surged 11% to 1.32%. For auto-loan delinquencies, Mississippi saw the highest rate in the first quarter, at 1.49%, followed by Louisiana, at 1.4%. TransUnion predicts that average auto-loan delinquencies will continue to increase through year-end, to about 1%--the same level as during the 2001 recession. Mortgage and credit card delinquencies also are expected to continue rising (*Associated Press via The New York Times* June 15).

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	79,968,639	81,427,964	1,459,325	8,325,535
Regular CDs	20,987,276	19,846,791	19,418,697	(428,094)	(1,568,579)
IRA CDs	3,667,761	3,834,399	3,825,509	(8,890)	157,748
Total CDs	24,655,037	23,681,190	23,244,206	(436,984)	(1,410,831)
Loan Balance	37,420,917	37,746,402	38,162,336	415,934	741,419
Loans Made	15,292,094	1,684,003	1,739,015	55,012	6,811,689
Members	13,505	13,509	13,503	(6)	(2)
Accounts	22,685	22,700	22,673	(27)	(12)
Delinquent Percent	0.53%	0.32%	0.30%	-0.02%	-0.23%
E-Statements	1184	1306	1326	20	142
Bill Payer	1067	1144	1158	14	91
Info-Teller Inquiries	187,027	14,022	14,102	80	70,824
Website Inquiries	418,620	39,223	38,299	(924)	193,033
HB -Members Used	2,539	2,615	2,615	0	76
Overdrawn Accounts	41,820	34,167	26,835	(7,332)	(14,985)
CIA - #	879	872	874	2	(5)
CIA - \$	22,552,171	26,949,973	28,236,977	1,287,004	5,684,806
CCIA - #	41	41	41	0	0
CCIA - \$	1,965,519	2,388,207	2,431,295	43,088	465,776
Rewards - #	174	205	211	6	37
Rewards - \$	1,183,310	1,690,807	1,727,337	36,530	544,027
Rewards - Surcharge Ref.	854	118	175	57	669
Rewards - Cost	24,626	4,938	4,257	(681)	21,300
Regular Checking - #	4,629	4,606	4,591	(15)	(38)
Regular Checking - \$	4,442,852	4,745,630	5,212,108	466,478	769,256
TOTAL CHECKING - #	5,723	5,724	5,717	(7)	(6)
TOTAL CHECKING - \$	30,143,852	35,774,617	37,607,717	1,833,100	7,463,865
Trans - MO	4,634	4,283	4,154	(129)	21,127
Trans - HV	3,462	3,214	3,316	102	16,002
Trans - DT	2,492	2,442	2,330	(112)	11,921
Trans - UR	2,338	2,277	2,184	(93)	11,127
Trans - IN	3,789	3,236	3,140	(96)	15,775
Trans - INFO	1,141	1,013	1,247	234	5,081
Trans - HB	7,779	7,614	7,167	(447)	36,040
Trans - SB	4,209	4,003	3,691	(312)	19,436
Trans - Total YTD	29,844	28,082	27,229	(853)	136,509
DELINQUENCY	Number	Balance			
2 - 5 Months	13	57,379			
6 -11 Months	5	50,359			
12 Months & Over	1	7,003			
Total	19	114,741			

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								33,794,593
Deposits		73,102,429	74,221,189	76,665,091	77,897,382	79,968,639	81,429,411								8,326,982
Investment Balance		43,185,859	44,911,138	79,593,710	74,406,580	76,110,844	77,513,598								34,327,739
Cash Balance		1,272,429	844,738	463,448	414,159	543,487	414,191								(858,238)
Loan Balance		37,420,917	37,527,807	36,810,817	37,093,747	37,746,402	38,162,336								741,419
Loans Made		1,209,689	942,195	1,167,548	1,278,928	1,684,003	1,739,015								6,811,689
Members		13,505	13,485	13,489	13,499	13,509	13,503								(2)
Accounts		22,685	22,657	22,662	22,686	22,700	22,673								(12)
DEL - 2-5 Months		187,983	206,403	198,613	84,134	85,713	57,379								(130,604)
DEL - 6-11 Months		3,866	12,249	37,000	20,065	26,770	50,359								46,493
DEL - 12 Months & >		8,033	8,033	7,618	7,307	7,187	7,003								(1,030)
Delinquent Amount		199,882	226,685	243,231	111,506	119,670	114,741								(85,141)
Delinquent Percent	< 1.30%	0.53%	0.60%	0.66%	0.30%	0.32%	0.30%								-0.23%
Info-Teller		15,573	14,471	14,026	14,203	14,022	14,102								70,824
Website Inquiries		39,072	36,609	38,039	40,863	39,223	38,299								193,033
Bill Payer		1,067	1,088	1,106	1,124	1,144	1,158								91
E-Statements		1,184	1,217	1,242	1,260	1,306	1,326								142
Home Branch Access		2,539	2,543	2,584	2,596	2,615	2,615								2,615
Overdrawn Accounts		41,820	21,551	12,723	26,923	34,167	26,835								26,835
Share Bal. \$5,000 & <		8,909,888	9,548,838	10,195,480	9,577,336	9,438,864	9,759,495								
INC - Loans YTD		2,695,524	234,871	444,153	674,907	899,289	1,134,956								
INC - Investments YTD		1,524,870	110,862	226,397	311,135	413,883	502,311								
INC - Other YTD		1,121,675	82,079	146,008	253,573	360,070	471,828								
INC - Total YTD		5,342,069	427,812	816,558	1,239,615	1,673,242	2,109,095								
EXP - ALLL YTD		244,000	22,111	40,611	64,661	92,411	92,411								
EXP - ALLL - OD YTD		978	125	250	(1,068)	(943)	(818)								
EXP - Dividend YTD		2,043,551	140,439	264,076	403,499	534,086	670,250								
EXP - Operating YTD		2,500,742	205,842	425,323	1,111,678	1,344,317	1,618,494								
EXP -(G)/L on Invest. YTD		(2,538)	0	0	0	(4,367)	(4,367)								-
EXP - Total YTD - \$		4,786,733	368,517	730,260	1,578,770	1,965,504	2,375,970								
INC- NET- YTD		555,336	59,295	86,298	(339,155)	(292,262)	(266,875)								
Operating Exp. YTD - %	< 5.00%	2.91%	2.84%	2.51%	4.18%	3.69%	3.48%								
Net Interest Margin / AA	> 3.00%	2.53%	2.83%	2.40%	2.19%	2.14%	2.08%								
Return on Average Assets	0.70%	0.65%	0.82%	0.51%	-1.28%	-0.80%	-0.57%								
Net Worth - \$		12,883,162	12,914,457	12,944,460	12,511,091	12,565,901	12,591,287								
Total Resv. / Curr. Assets	> 9.00%	14.92%	14.72%	11.23%	10.79%	10.61%	10.48%								
Average Assets - \$		85,989,400	87,061,886	101,524,389	106,333,710	109,361,548	111,521,502								
Net Charge Off - \$		220,359	0	0	52,684	0	0								52,684
Net Charge Off / AA - %	< .45%	0.26%	0.00%	0.00%	0.05%	0.00%	0.00%								0.05%
Long Term Assets - \$		21,264,716	20,603,600	19,922,004	19,821,392	20,320,411	20,698,440								
Net Long Term Asset /A - %	< 35.00%	24.62%	23.48%	17.28%	17.09%	17.16%	17.23%								
Total Loans / Assets - %	< 90.00%	43.33%	42.76%	31.93%	31.99%	31.87%	31.76%								
Share Growth - %	7.00%	13.28%	1.53%	4.87%	6.56%	9.39%	11.39%								
Loan Growth - %	4.00%	8.14%	0.29%	-1.63%	-0.87%	0.87%	1.98%								
CD Deposits - \$		24,655,037	24,179,789	23,693,423	23,810,493	23,681,190	23,244,206								
Share Deposits - \$		48,447,392	50,041,400	52,971,668	54,086,889	56,287,449	58,185,205								
Loan To Total Share - %		77.24%	74.99%	69.49%	68.58%	67.06%	65.59%								
Loan To Total Deposit - %		51.19%	50.56%	48.02%	47.62%	47.20%	46.87%								
Fixed Assets - \$		1,641,838	1,635,009	1,625,166	1,615,323	1,607,550	1,597,931								
Fixed Assets - %	< 5.00%	1.90%	1.86%	1.41%	1.39%	1.36%	1.33%								

	Year	Count	Balance	Monthly Installments	Amount to Reprice In 3 Years
Tecumseh		2	64,447.81		64,447.81
Variable Rate		23	485,657.46		485,657.46
Maturities of 3 Years & Less	2009-2012	31	305,255.91		305,255.91
Maturities of 4 Years	2013	22	455,664.54		455,664.54
Maturities of 5 Years	2014	22	442,368.37		442,368.37
Maturities of 6 Years	2015	22	953,216.82		953,216.82
Maturities of 7 Years	2016	20	469,795.69		469,795.69
Maturities of 8 Years	2017	22	775,126.83	10,776.31	193,973.58
Maturities of 9 Years	2018	54	2,403,911.65	29,859.47	537,470.46
Maturities of 10 Years	2019	19	782,796.29	8,870.88	159,675.84
Maturities of 11Years	2020	28	1,608,139.13	18,095.83	325,724.94
Maturities of 12Years	2021	48	2,412,081.15	24,207.48	435,734.64
Maturities of 13Years	2022	56	3,724,837.40	35,101.31	631,823.58
Maturities of 14Years	2023	70	5,631,985.45	49,602.53	892,845.54
Maturities of 15Years	2024	39	3,254,295.76	26,950.24	485,104.32
Maturities of 16-19 Years	2025	0	0.00	0.00	0.00
Maturities of > Than 20 Years					0.00
		478	23,769,580.26		6,838,759.50
Net Long Term Loans			16,930,820.76		
Fixed Assets			1,597,931.11		
NCUSIF Deposit			203,523.69		
LLC			500.00		
Deferred Compensation			1,800,000.00		
CUSO Investments			165,664.00		
Total Long Term Assets			20,698,439.56		

LOAN OFFICERS REPORT 2009
JEFFERSON COUNTY FEDERAL CREDIT UNION

May , **2009**

Loans Approved	214	\$1,612,558.96
Credit Limits Approved * includes updates & increases	8	\$95,000.00
Loans Disbursed	226	\$1,731,859.60
Indirect Lending	15	\$213,244.34
Equity Checks	8	\$15,087.71
Tecumseh Mortgages	0	\$0.00
Universal Approved Loans (100% Real Estate Loans)	2	\$22,500.00
Requests Denied	64	\$558,398.16

Preparer

June 10, 2009
Date

**RECOMMENDED LOAN CHARGE OFF
SECOND QUARTER 2009**

ACCOUNT NUMBER	MEMBER NAME	CURRENT BALANCE	LOAN SUFFIX	LOAN TYPE	MDR	AUDR	DATE PAID	DATE DUE	MEMBER GROUP	LOAN OFFICER	Comments	REASON
650820	Bruce Johnson	\$1,906.92	5	Open End	42%	45%	01/08/09	03/05/09	Louisville Metro	GSE	Unsecured - Not Reaffirming	CH-7 Bankruptcy
743470	Jeffery Ramey	\$4,179.19	5	Open End	26%	27%	02/09/09	03/05/09	Misc	GSE	Unsecured - Paying In Plan	CH-13 Bankruptcy
749120	Kenneth Vidt	\$3,033.60	1	Note	42%	43%	02/05/09	02/05/09	Misc	GSE	Unsecured - Not Reaffirming	CH-7 Bankruptcy
876130	Johnny Stewart	\$8,473.78	1	Auto	21%	42%	11/03/08	12/05/08	Place Of Employment	GSE	Def Bal - Unsecured In Plan	CH-13 Bankruptcy
958850	Sharon Jones	\$2,203.56	5	Open End	24%	29%	02/25/09	03/05/09	Louisville Metro	GSE	Unsecured - Paying In Plan	CH-13 Bankruptcy

TOTALS	For April	\$19,797.05	5									
631160	Eunice Stout	\$1,482.76	5	Open End	33%	33%	03/03/09	04/05/09	Housing Authority	CH	Unsecured - Not Reaffirming	CH-7 Bankruptcy
678300	Marguerite Williams	\$6,576.08	6	Auto	30%	33%	04/03/09	05/05/09	Self Employed	GSE	Def-Bal - Filed Claim On Estate	Member Deceased
686900	Vickie Poston	\$2,721.76	2	Auto	29%	31%	03/09/09	04/05/09	Housing Authority	TW	Def Bal - Mailed To ABL	Unemployed
814420	Stephanie Ballinger	\$2,471.40	5	Open End	41%	45%	04/03/09	05/05/09	Demestic Partners	TW	Unsecured - Not Reaffirming	CH-7 Bankruptcy
830810	John Black	\$6,151.71	3	Auto	20%	20%	09/11/08	10/05/08	Louisville Metro	KL	Def Bal - Mailed To ABL	Skip - Member Turned In
840430	Mario Rankin	\$9,875.78	2	Auto	28%	38%	02/05/09	02/05/09	Place Of Employment	GSE	Unable to Pay - Mailed To ABL	Medical - Def Balance
700205515	Sharon Colin	\$3,137.25	3	Note	29%	33%	02/09/09	02/05/09	Census Bureau	KL	Unalbe to Pay - Mailed To ABL	Unemployed-Medical

TOTAL	For May	\$32,416.74	7									
686860	Roy Trammell	\$4,608.22	5	Open End	32%	33%	04/05/09	05/05/09	Louisville Metro	GSE	Unsecured - Paying In Plan	CH-13 Bankruptcy
826310	Daniel O'Bryan	\$2,474.37	5	Open End	41%	41%	N/A	06/05/09	Louisville Metro	KL	Unsecured - Not Reaffirming	CH-7 Bankruptcy
830400	Larry Watson	\$2,167.26	2	Note	42%	46%	02/20/09	03/05/09	Domestic partner	TW	Unable to Pay - Mailed To ABL	Unemployed
860450	Joshua Wilkes	\$6,080.36	1	Auto	32%	42%	12/24/08	12/05/08	Place Of Residence	KL	Def Bal - Mailed To ABL	Member Refused to Pay
882670	Kevin Goss	\$2,338.65	2	Note	1%	3%	03/05/09	06/11/09	Bob Hook Chevy	KL	Unable to Pay - Mailed To ABL	Unemployed
927780	Gary Dodson	\$4,969.63	5	Open End	35%	35%	N/A	04/05/09	Louisville Metro	GSE	Unsecured - Not Reaffirming	Filing CH-7 Bankruptcy

TOTAL	For June	\$22,638.49	6									
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TOTAL ACCOUNTS 18

TOTAL FOR QUARTER \$74,852.28

CHARGE OFF BREAKDOWN	
Real Estate	\$0.00
Auto	\$39,879.47
Other	\$0.00
Unsecured	\$34,972.81
TOTAL	\$74,852.28

PRIOR MO. MNR TOTALS*	
Real Estate	\$23,742,978.54
Auto	\$11,005,917.34
Other	\$382,457.33
Unsecured	\$3,030,982.74
TOTAL	\$38,162,335.95

*Includes Tecumseh

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.

**JUNE
2009**

A.	23,742,979		"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
	23,742,979	=	"Real Estate" - NET Balance for Historical Loss Calculation
	11,005,917		"Auto" Loan Balance from prior month Balance Sheet
	39,879	-	"Auto" Current Balance to be charged off this period
	73,286	-	"Auto" Current Balances Classified this period
	10,892,752	=	"Auto" - NET Balance for Historical Loss Calculation
	382,457		"Other Chattel" Loan Balance from prior month Balance Sheet
	0	-	"Other Chattel" Current Balance to be charged off this period
	27,222	-	"Other Chattel" Current Balances Classified this period
	355,235	=	"Other Chattel" - NET Balance for Historical Loss Calculation
	3,030,983		"Unsecured" Loan Balance from prior month Balance Sheet
	34,973	-	"Unsecured" Current Balance to be charged off this period
	19,517	-	"Unsecured" Current Balances Classified this period
	2,976,493	=	"Unsecured" - NET Balance for Historical Loss Calculation
B.	37,967,459	=	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.	7,451	+	"Real Estate" Loan Historical Loss Value Required in ALLL Account
	68,334	+	"Auto" Loan Historical Loss Value Required in ALLL Account
	2,722	+	"Other Chattel" Loan Historical Loss Value Required in ALLL Account
	90,155	+	"Unsecured" Loan Historical Loss Value Required in ALLL Account
E.	42,727	+	Doubtful Loan Amounts from the attached report
F.	0	+	Balance of Loans listed in Special Reserves detailed on the attached report
G.	211,388	=	TOTAL LOSS EXPOSURE (Excluding Recommended Charge Off)
H.	74,852	-	Amount to be Charged Off This Quarter
I.	286,240	=	TOTAL REQUIRED Balance for the ALLL Account - (Before This Chargeoff)
J.	18,500	-	Amount to be transferred from this month's income
K.	251,810	+	Allowance balance from prior month's balance sheet
L.	(15,930)	=	Amount overfunded or (underfunded)

Doubtful Loans June 2009

Account Number	Name	Type R-A-O-I	Doubtful Balance	Doubtful Amount	Doubtful Balance RE	Doubtful Balance Auto	Doubtful Balance Other	Doubtful Balance U/S	Doubt Amount RE	Doubt Amount Auto	Doubt Amount Other	Doubt Amount U/S
Potentials												
827510 L-2	Robin Vaughan	A	\$6,738.00	\$2,738.00		\$6,738.00				\$2,738.00		
827510 L-6	Robin Vaughan	A	\$8,653.57	\$2,653.57		\$8,653.57				\$2,653.57		
855880 L-1	Nicholas Groft	A	\$7,524.24	\$2,524.24		\$7,524.24				\$2,524.24		
Total												
Accounts			\$22,915.81	\$7,915.81		\$22,915.81	\$0.00	\$0.00	\$0.00	\$7,915.81	\$0.00	\$0.00
			3	3	0	3	0	0	0	3	0	0
2-5 Months												
562370 L-2	Dwayne Hagan	A	\$7,921.53	\$1,921.53		\$7,921.53				\$1,921.53		
663890 L-3	Pamela Dowell	A	\$6,482.75	\$1,482.75		\$6,482.74				\$1,482.75		
743010 L-5	Leslie Reesor	U	\$2,092.92	\$1,092.92				\$2,092.92				\$1,092.92
827510 L-1	Robin Vaughan	U	\$4,591.46	\$3,591.46				\$4,591.46				\$3,591.46
828780 L-10	Darryl Lee	A	\$5,338.74	\$2,338.74		\$5,338.74				\$2,338.74		
829800 L-5	Hope Finley	U	\$5,008.37	\$4,508.37				\$5,008.37				\$4,508.37
836490 L-1	Judy Jones	U	\$717.49	\$717.49				\$717.49				\$717.49
838300 L-2	Melissa Twyman	A	\$8,055.84	\$3,055.84		\$8,055.84				\$3,055.84		
842840 L-1	Erica Thomas	A	\$7,953.40	\$1,006.12		\$7,953.40				\$1,006.12		
845440 L-1	Robert Whittenburg	A	\$4,844.26	\$1,844.26		\$4,844.26				\$1,844.26		
854110 L-2	David Davis	O	\$11,905.20	\$2,905.20			\$11,905.20				\$2,905.20	
854220 L-2	Renee Doss	U	\$2,628.53	\$1,628.53				\$2,628.53				\$1,628.53
700207131	Misty Webb	A	\$2,890.62	\$890.62		\$2,890.62				\$890.62		
Total												
Accounts			\$70,431.11	\$26,983.83	\$0.00	\$43,487.13	\$11,905.20	\$15,038.77	\$0.00	\$12,539.86	\$2,905.20	\$11,538.77
			13	13	0	7	1	5	0	7	1	5
6-11 Months												
743050 L-5	Ronnie Cherry	U	\$4,477.98	\$2,477.98				\$4,477.98				\$2,477.98
822830 L-2	Danny Knotts	O	\$15,316.87	\$3,316.87			\$15,316.87				\$3,316.87	
Total			\$19,794.85	\$5,794.85	\$0.00	\$0.00	\$15,316.87	\$4,477.98	\$0.00	\$0.00	\$3,316.87	\$2,477.98
Accounts			2	2	0	0	1	1	0	0	1	1
12+ Months												
852260 L-1	Fran Temple	A	\$6,883.20	\$2,032.89		\$6,883.20				\$2,032.89		
Total			\$6,883.20	\$2,032.89	\$0.00	\$6,883.20	\$0.00	\$0.00	\$0.00	\$2,032.89	\$0.00	\$0.00
Accounts			0	1	0	1	0	0	0	1	0	0
Grand Totals												
Accounts			\$120,024.97	\$42,727.38	\$0.00	\$73,286.14	\$27,222.07	\$19,516.75	\$0.00	\$22,488.56	\$6,222.07	\$14,016.75
			19	19	0	11	2	8	0	11	2	6
Total Doubtful Bal						\$120,024.96		Total Doubtful Amt				
								\$42,727.38				

ASSETS IN PROCESS OF PROCESS OF LIQUIDATION

Account No	Sfx	Name	Balance
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TOTAL			AMOUNT
0			\$0.00

CHARGE OFF POLICY EXCEPTIONS

Account No	Sfx	Name	Balance
852260	1	Fran Temple	\$6,883.20
CH-13 Bankruptcy Making Payment In Plan			

TOTAL			AMOUNT
1			\$6,883.20

July 2009 Projections - CIA & CCIA COST IMPACT

Effective Change Date		7/1/09 Uses May 2009 Balance Data & Cost						NEW APY Range				
		Current Range 0.75% to 2.50%						NEW	NEW	.65% to 1.60%		
Category	BALANCE RANGES	Dollar % of Total Portfolio	Ending Balance	Actual Rate	Actual Cost	Actual Rate X Ending Bal.	Variance Actual vs. Ending Bal.	NEW Proj. Rates	NEW Proj. Cost	Diff. In Cost		
											NEW Rate	NEW APY
CIA	\$1 - 999	0.06%	\$16,902									
Natural Person	\$1,000 - 2,499	0.68%	\$191,011	0.75%	112	119	-6.59%	0.75%	112	0		
	\$2,500 - 9,999	4.71%	\$1,328,918	1.04%	1,253	1,152	8.08%	0.90%	1,098	-155		
	\$10,000 - 24,999	12.26%	\$3,461,524	1.34%	3,885	3,865	0.51%	1.04%	3,020	-865		
	\$25,000 - 49,999	16.26%	\$4,590,830	1.54%	5,945	5,892	0.90%	1.19%	4,606	-1,339		
	\$50,000 - 99,999	18.14%	\$5,123,203	1.84%	8,158	7,856	3.71%	1.39%	6,237	-1,921		
	\$100,000 - & >	47.90%	\$13,524,589	2.03%	22,473	22,879	-1.81%	1.54%	16,950	-5,523		
TOTAL		100.00%	\$28,236,977		41,826	41,763	0.80%		32,023	-9,803		
CIA Cost Annualized					501,912	501,153	Avg. Var.		384,274	-117,638	Diff.	
CCIA	\$1 - 999	0.00%	\$74									
Business	\$1,000 - 2,499	0.40%	\$9,668	0.75%	5	6	-20.85%	0.75%	5	0		
	\$2,500 - 9,999	2.11%	\$51,200	1.04%	44	44	-0.85%	0.90%	38	-6		
	\$10,000 - 24,999	2.97%	\$72,279	1.34%	133	81	39.31%	1.04%	115	-18		
	\$25,000 - 49,999	4.85%	\$117,939	1.54%	134	151	-12.95%	1.19%	100	-34		
	\$50,000 - 99,999	15.90%	\$386,678	1.84%	594	593	0.18%	1.39%	449	-145		
	\$100,000 - & >	73.77%	\$1,793,457	2.03%	3,038	3,034	0.13%	1.54%	2,306	-732		
TOTAL - CCIA		100.00%	\$2,431,295		3,948	3,909	0.83%		3,012	-936		
CCIA Cost Annualized					47,376	46,912	Avg. Var.		36,147	-11,229	Diff.	
Total Both			\$30,668,272									
TOTAL Cost Monthly					45,774	45,672			35,035	-10,739		
TOTAL Cost Annualized					549,288	548,064			420,421	-128,867		
CIA Dividend	41,826	Total Dividend	45,774			CURR. Rate Average	0.81%	NEW Rate Average			Total Monthly Diff. Average Rate	
CCIA Dividend	3,948	Dividend is calculated on average, not ending balance				1.42%	Overall Variance	1.14%				

Percent of Total By Balance Range				May-09	
CIA	Total	%	CCIA	Total	%
<\$1,000	\$16,902	0.06%	<\$1,000	\$74	0.00%
\$1,000	\$191,011	0.68%	\$1,000	\$9,668	0.40%
\$2,500	\$1,328,918	4.71%	\$2,500	\$51,200	2.11%
\$10,000	\$3,461,524	12.26%	\$10,000	\$72,279	2.97%
\$25,000	\$4,590,830	16.26%	\$25,000	\$117,939	4.85%
\$50,000	\$5,123,203	18.14%	\$50,000	\$386,678	15.90%
\$100,000	\$13,524,589	47.90%	\$100,000	\$1,793,457	73.77%
	\$28,236,977	100.00%		\$2,431,295	100.00%

January	Type	Description	Term	Amount	Rate	NEW RATE	Ist Due	Score	Projected	Loan Serv	Cost	Cost	Rate Incr.	LOSS ON POS
673050	8	08 Dodge	60	12,000.00	5.24%	5.24%	February	A	1st Mo. Inc.	Expense	Percent	Percent	2.00%	
685200	8	08 Toyota	60	18,194.00	5.24%	5.24%	March	A			Balance	1st Mo. Inc.		
886310	9	06 Chevrolet	66	38,500.58	6.49%	6.49%	February	A					4,740	
886500	8	08 Dodge	84	20,718.55	6.75%	6.75%	March	A						
886930	9	02 Saturn	60	11,128.95	7.49%	7.49%	March	A						
886980	9	07 Toyota	60	15,346.58	5.74%	5.74%	March	A						
700203733	8	09 Saturn	48	5,000.00	5.24%	5.24%	March	A	7	120,889	44.56%			
700917530	9	08 Ford	66	18,030.50	6.74%	6.74%	February	B	1	18,031	6.65%			
887180	9	05 Chevrolet	60	12,861.65	7.74%	9.74%	March	C				C-D-E Avg.	13,239	
887300	9	96 Chevrolet	36	3,925.00	13.75%	15.75%	March	C	2	16,787	6.19%	C-D-E Count	10	
735380	9	04 Honda	60	8,500.00	12.24%	14.24%	March	D				C-D-E Term	56	
757230	9	04 Saab	60	5,000.00	10.74%	12.74%	February	D						
886680	8	08 Ford	48	18,217.00	10.24%	12.24%	February	D						
886760	9	05 Pontiac	36	6,950.70	10.74%	12.74%	February	D						
886920	9	06 Chevrolet	66	15,393.30	10.99%	12.99%	March	D						
886970	9	09 Chevrolet	72	28,637.27	10.49%	12.49%	February	D						
887030	9	04 Volvo	60	13,916.15	12.24%	14.24%	March	D	7	96,614	35.61%			
887290	9	06 Mercedes	66	18,991.20	14.99%	16.99%	March	E	1	18,991	7.00%			
Total			59	271,311.43	9.06%	10.17%			2,049	9,309	3.43%	454.42%	4,569	223.04%
Average Balance			AVG.	15,072.86	AVG. Rate	AVG. Rate			2,300	9,309	3.43%	404.78%	4,569	198.67%

C-D-E Avg.	13,239
C-D-E Count	10
C-D-E Term	56

February	Type	Description	Term	Amount	Rate	NEW RATE	Ist Due	Score									
671420	8	08 Toyota	60	19,500.00	5.24%	5.24%	April	A									
739750	9	05 Jeep	60	16,870.72	6.24%	6.24%	March	A									
887450	9	06 Saturn	66	10,976.95	6.49%	6.49%	March	A									
887690	9	07 Kia	60	5,950.20	5.74%	5.74%	March	A									
888100	9	06 Dodge	60	11,629.00	5.99%	5.99%	April	A	5	64,927	18.42%						
886640	9	05 Toyota	60	8,660.50	6.74%	6.74%	April	B									
887420	9	07 Dodge	60	11,852.94	6.24%	6.24%	March	B									
887490	9	05 Chevrolet	60	12,490.33	6.74%	6.74%	April	B									
888060	9	08 Dodge	66				April	B	Paid Off-Dealer Coyle				11,708.39	6.24	196		
888310	9	04 Chevrolet	60	12,012.49	8.24%	8.24%	April	B	4	45,016	12.77%						
624180	9	06 Jeep	66	14,244.70	7.99%	9.99%	March	C					C-D-E Avg.	14,506			
887790	9	05 Cadillac	66	23,574.00	7.74%	9.74%	April	C					C-D-E Count	15			
888030	9	06 Jeep	66	14,954.00	7.99%	7.99%	April	C					C-D-E Term	59			
888240	8	09 Dodge	60	19,203.65	7.24%	9.24%	April	C									
888390	8	09 Dodge	72	34,511.70	7.49%	9.49%	April	C									
888420	9	06 Chevrolet	60	11,617.70	7.49%	9.49%	April	C	6	118,106	33.51%						
887370	9	04 Ford	60				February	D	Paid Off-Insurance				7,575.00	12.24	106		
887480	9	04 Ford	60	8,488.00	12.24%	14.24%	March	D									
887730	9	05 Chevrolet	60	13,248.65	10.74%	12.74%	March	D									
887990	9	07 Hyundai	66	11,400.00	10.74%	12.74%	April	D									
888010	9	04 Chevrolet	37				April	D	Paid Off-LouMed CU				5,612.30	12.24	92		
888210	9	03 Cadillac	60	8,133.00	12.49%	14.49%	April	D									
888260	9	02 Toyota	40	9,103.90	12.49%	14.49%	April	D	5	50,374	14.29%						
704200	9	06 Chevrolet	48	8,422.00	14.49%	16.49%	April	E									
887510	9	02 Dodge	60	14,265.00	15.49%	17.49%	March	E									
887620	9	06 Dodge	66	18,480.93	14.99%	16.99%	March	E									
888020	9	06 Chrysler	60	7,947.20	14.49%	16.49%	April	E	4	49,115	13.94%						
Total		327,537.56	60	352,433.25	9.35%	10.41%				2,746	10,176	2.89%	New	370.57%	5,436	Current	197.96%
Average		Loss Reduction	AVG.	13,647.40	9.24%	AVG. Rate				2,522	10,176	74.56%	403.48%	5,436	215.54%		
										3,056	10,176	2.89%	332.94%	5,436	177.86%		

C-D-E Avg.	14,506
C-D-E Count	15
C-D-E Term	59

March	Type	Description	Term	Amount	Rate	NEW RATE	Ist Due	Score										
740430	9	06 Chevrolet	60	15,519.00	5.99%	599.00%	April	A										
888590	8	09 Toyota	84				April	A	Paid Off-Centra CU		16,899.57	6.74	303					
889430	9	05 GMC	60	12,757.00	6.74%	6.74%	May	A										
700188390	8	09 Honda	60	17,772.12	5.24%	5.24%	May	A	2	46,048	21.72%							
888640	8	09 Chevrolet	72	35,542.83	6.49%	6.49%	April	B										
888660	9	97 Chevrolet	37	2,700.00	11.75%	11.75%	July	B										
888970	9	09 Dodge	84	43,075.35	7.24%	7.24%	April	B										
889100	9	08 Nissan	37	7,664.00	6.24%	6.24%	May	B	4	88,982	41.97%							
889070	9	05 Dodge	60	14,514.97	7.74%	9.74%	May	C										
889140	9	05 Nissan	60	11,565.00	7.74%	9.74%	May	C	2	26,080	12.30%							
701430	9	05 Chrysler	60	10,715.00	10.74%	12.74%	April	D										
889220	9	03 Subaru	60	8,600.00	12.49%	14.49%	April	D	2	19,315	9.11%							
888580	9	03 Chevrolet	60	4,872.00	15.49%	17.49%	April	E										
889620	9	02 Toyota	48	9,800.30	15.49%	17.49%	May	E	2	14,672	6.92%							
Total		195,097.57	58	211,997.14	9.45%	10.45%				1,669	8,519				4.02%	510.32%	3,779	226.38%
Average		Loss Reduction	AVG.	15,007.51	9.18%	AVG. Rate				1,492	8,519	56.76%	570.79%	3,779	253.20%			
										1,846	8,519	4.02%	461.49%	3,779	204.71%			
April	Type	Description	Term	Amount	Rate	NEW RATE	Ist Due	Score										
629750	9	03 Volkswagen	60	12,441.50	7.49%	7.49%	June	A										
890430	9	05 Acura	48	10,059.00	6.24%	6.24%	June	A										
890660	9	08 Chrysler	72	36,022.00	6.49%	6.49%	June	A	3	58,523	23.11%							
889800	9	04 Nissan	60	13,000.00	8.24%	8.24%	May	B										
889900	9	08 Chrysler	66	16,660.29	6.24%	6.24%	June	B										
889940	9	07 Suzuki	60	13,514.00	6.24%	6.24%	May	B										
889970	9	06 Infiniti	60	22,990.00	6.49%	6.49%	May	B										
890040	9	06 Jeep	66	16,222.82	6.99%	6.99%	June	B										
700183412	9	03 Cadillac	60	6,958.50	7.49%	7.49%	June	B	6	89,346	35.28%							
632230	9	06 GMC	60	12,548.90	7.49%	9.49%	May	C										
656230	9	02 Jeep	60	6,515.00	9.49%	11.49%	June	C										
715770	9	09 Saturn	60	19,175.89	6.74%	8.74%	June	C										
760840	9	08 Suzuki	66	15,315.00	7.74%	9.74%	June	C										
889820	9	02 Chevrolet	60	8,196.20	9.49%	11.49%	May	C										
889870	9	05 Chevrolet	60	13,859.00	7.74%	9.74%	May	C										
890280	9	08 Mazda	60	13,584.69	7.24%	9.24%	May	C										
890320	9	03 Cadillac	60	10,692.00	9.49%	11.49%	June	C										
890500	9	02 Dodge	60	5,515.00	9.49%	11.49%	June	C	9	105,402	41.62%							
Total			60	253,269.79	7.60%	8.60%				1,604	10,054				3.97%	626.70%	5,314	331.24%
Average			AVG.	14,070.54	AVG. Rate	AVG. Rate				1,815	10,054				3.97%	553.84%	5,314	292.73%
TOTAL A										290,386	27.73%							
TOTAL B										241,375	23.05%							
TOTAL C										266,374	25.44%							
TOTAL D										166,303	15.88%							
TOTAL E										82,779	7.90%							
		All		Indirect		Difference		Indirect		Other								
Total Chattel Loans YTD		2,222,360		1,047,216		1,175,144				1,047,216								
25% of All are C,D,E		555,590		515,456		40,134		4,740		1,564								
LOC's Numbers		Written #		Oral #						Current		Projected Income Increase						
TOTAL Monthly Proj.		6,304		7,714		L-2005		L-2006		L-2007		L-2008		L-2009-P				
TOTAL Annual Proj.		75,648		92,568		44,529		51,472		82,991		73,227		90,948				



May
2009

Suspicious Activity Report

DATE FILED	DATE(S) OF ACTIVITY	REASON FILED	DOLLAR AMOUNT
05/05/09	01/02/09 THRU 04/17/09	Structuring	\$ 38,117.00
05/11/09	03/05/09 THRU current	Structuring	\$ 27,053.00
05/21/09	03/16/09 THRU 05/20/09	Structuring	\$ 24,640.00

Total Activities =	3
Total Dollar Amount =	\$ 89,810.00

By:
Date:

MAY 2009

OPERATING ACCOUNT GL #733000 PAYOUTS

Check #	Amount	Date	Payable To:	Reason
8429	0.00	5/1/2009	VOID	VOID
8430	5,626.50	5/1/2009	MINNESOTA MUTUAL	100% R E LOANS
8431	1,906.45	5/1/2009	UNIVERSAL ASSURORS	INSURANCE
8432	1,421.00	5/1/2009	ALLIED SOLUTIONS GAP	GAP INSURANCE
8433	135.00	5/1/2009	ENTERPRISE CAR SALES	INDIRECT LENDING
8434	25.00	5/1/2009	DORIS SISK	DECEASED ACCOUNT
8435	22.00	5/1/2009	MEADE COUNTY CLERK	ONE LEIN RECORDING
8436	13.00	5/1/2009	HARDIN COUNTY CLERK	MORTGAGE RECORDING
8437	13.00	5/1/2009	TRIMBLE COUNTY CLERK	MORTGAGE RECORDING
8438	24.00	5/1/2009	CLARK COUNTY CLERK	MORTGAGE RECORDING
8439	12.00	5/1/2009	FLOYD COUNTY CLERK	MORTGAGE RECORDING
8440	13.00	5/1/2009	OLDHAM COUNTY CLERK	MORTGAGE RECORDING
8441	52.00	5/1/2009	JEFFERSON COUNTY CLERK	FOUR LEIN RELEASES
8442	31.00	5/4/2009	JEFFERSON COUNTY CLERK	REPO FEE
8443	160.00	5/4/2009	GRACE TITLE GROUP	PROFESSIONAL/OUTSIDE
8444	32.00	5/4/2009	OLDHAM COUNTY CLERK	ONE LEIN RECORDING
8445	135.00	5/4/2009	GRACE TITLE GROUP	PROFESSIONAL/OUTSIDE
8446	38.00	5/4/2009	JEFFERSON COUNTY CLERK	ONE LEIN RECORDING
8447	135.00	5/4/2009	GRACE TITLE GROUP	PROFESSIONAL/OUTSIDE
8448	32.00	5/4/2009	JEFFERSON COUNTY CLERK	ONE LEIN RECORDING
8449	17.00	5/4/2009	JEFFERSON COUNTY CLERK	ONE LEIN RECORDING
8450	70.22	5/5/2009	FIRST SERVICE GROUP	INSURANCE
8451	135.00	5/6/2009	GRACE TITLE GROUP	PROFESSIONAL/OUTSIDE
8452	38.00	5/6/2009	JEFFERSON COUNTY CLERK	ONE LEIN RECORDING
8453	15.00	5/6/2009	LISA FOUTS	INDIRECT LENDING
8454	404.69	5/6/2009	THE ESTATE OF DORTHEA BAILEY	DECEASED ACCOUNT
8455	164.26	5/6/2009	PROFESSIONAL INSURANCE CO.	INSURANCE
8456	1,214.71	5/6/2009	AMERICAN HERITAGE	INSURANCE
8457	640.75	5/6/2009	DIRECT RESPONSE	INSURANCE
8458	135.00	5/6/2009	GRACE TITLE GROUP	PROFESSIONAL/OUTSIDE
8459	64.00	5/6/2009	JEFFERSON COUNTY CLERK	ONE LEIN RECORDING
8460	96.00	5/7/2009	S WILSON'S AUTO SALES	INDIRECT LENDING
8461	328.00	5/7/2009	COYLE DODGE	INDIRECT LENDING
8462	73.50	5/7/2009	WASHINGTON NATIONAL LIFE INS	INSURANCE
8463	2,119.47	5/8/2009	KYCUL SERVICES	THEME PARK TICKET SALES APRIL 09
8464	2,500.00	5/8/2009	HALL'S CATERING	ANNUAL MEETING
8465	1,788.17	5/8/2009	ALLIED SOLUTIONS CPI	INSURANCE
8466	1,772.11	5/11/2009	PARTICIA TRINKLE HACKLER	DECEASED ACCOUNT
8467	8.00	5/12/2009	LABA	EDUCATION
8468	135.00	5/12/2009	GRACE TITLE GROUP	PROFESSIONAL/OUTSIDE
8469	32.00	5/12/2009	JEFFERSON COUNTY CLERK	ONE LEIN RECORDING
8470	961.90	5/8/2009	ST. ATHANASIOS CHURCH	ANNUAL MEETING
8471	32.00	5/12/2009	GRACE TITLE GROUP	PROFESSIONAL/OUTSIDE
8472	5.00	5/13/2009	FRIENDSHIP MANOR	UNAPPLIED PAYROLL
8473	174.00	5/13/2009	CHAMPION CHEVROLET	INDIRECT LENDING
8474	203.00	5/13/2009	CROSS MOTORS	INDIRECT LENDING
8475	46.00	5/13/2009	BOB GARR	INDIRECT LENDING
8476	0.00	5/13/2009	BLOCK & COMPANY	VOID
8477	0.00	5/13/2009	KFS EDUCATION SERVICES	VOID
8478	11.36	5/13/2009	TERRY CRAIG	LOCAL TRAVEL APRIL 2009
8479	698.00	5/14/2009	FARMERS BANK & CAPITAL TRUST	MISCELLANEOUS
8480	324.00	5/14/2009	GORDON MOTOR SPORT	INDIRECT LENDING
8481	0.00	5/15/2009	VOID	VOID
8482	1,866.00	5/15/2009	COURTESY CLEANING	OFFICE OCCUPANCY
8483	120.29	5/15/2009	INDUSTRIAL DISPOSAL	OFFICE OCCUPANCY
8484	15.00	5/15/2009	OKOLONA PEST CONTROL	OFFICE OCCUPANCY
8485	50.00	5/15/2009	LINDSAY MARIE IRRIGATION	EQUIPMENT MAINTENANCE
8486	35.02	5/15/2009	DUPLICATOR SALES & SERVICE	EQUIPMENT MAINTENANCE
8487	968.08	5/15/2009	ACCO INC	MAINTENANCE
8488	9.89	5/15/2009	QSI	EQUIPMENT MAINTENANCE
8489	142.10	5/15/2009	MCPC	STATIONERY/SUPPLIES
8490	5,229.00	5/15/2009	FORTRESS NETWORK SECURITY	COMPUTER
8491	75.00	5/15/2009	WEBER & ROSE	LOAN SERVICING
8492	294.00	5/15/2009	ROUTEONE	LOAN SERVICING
8493	185.00	5/15/2009	CREDIT UNION CONNECTION	LOAN SERVICING
8494	144.00	5/15/2009	PCI SERVICES	LOAN SERVICING
8495	1,695.11	5/15/2009	TRANS UNION	LOAN SERVICING
8496	284.96	5/15/2009	DIGITALMAILER	PROFESSIONAL/OUTSIDE
8497	759.44	5/15/2009	ZIP EXPERSS COURIER SERVICE	PROFESSIONAL/OUTSIDE
8498	659.85	5/15/2009	GARDA CL CENTRAL	PROFESSIONAL/OUTSIDE
8499	475.00	5/15/2009	MARVIN SCHMIDT	PROFESSIONAL/OUTSIDE
8500	600.00	5/15/2009	DAVID WATERMAN	PROFESSIONAL/OUTSIDE
8501	541.66	5/15/2009	CNBS	PROFESSIONAL/OUTSIDE
8502	215.00	5/15/2009	AWARDS AMERICA	ANNUAL MEETING
8503	7,760.88	5/15/2009	SHARE ONE INC	COMPUTER
8504	261.89	5/15/2009	PROCTOR FINANCIAL	INSURANCE
8505	160.00	5/15/2009	GRACE TITLE GROUP	PROFESSIONAL/OUTSIDE

8506	0.00	5/15/2009	VOID	VOID
MAY 2009		OPERATING ACCOUNT PAYOUTS		PAGE 2
Check #		Date	Payable To:	Reason
8507	38.00	5/15/2009	BULLITT COUNTY CLERK	ONE LEIN RELEASE
8508	25.00	5/15/2009	LABA	EDUCATION
8509	0.00	5/15/2009	VOID	VOID
8510	24.00	5/15/2009	HARRISON COUNTY CLERK	ONE LEIN RELEASE
8511	210.00	5/18/2009	GRACE TITLE GROUP	PROFESSIONAL/OUTSIDE
8512	25.00	5/18/2009	EVA DENSFORD	DECEASED ACCOUNT
8513	253.00	5/15/2009	ENTERPRISE CAR SALES	INDIRECT LENDING
8514	100.00	5/19/2009	ACCO	EQUIPMENT MAINTENANCE
8515	169.00	5/19/2009	CHAMPION CHEVROLET	INDIRECT LENDING
8516	162.00	5/19/2009	BOB MONTGOMERY CHEVROLET	INDIRECT LENDING
8517	135.00	5/20/2009	GRACE TITLE GROUP	PROFESSIONAL/OUTSIDE
8518	32.00	5/20/2009	JEFFERSON COUNTY CLERK	ONE LEIN RELEASE
8519	163.69	5/20/2009	MELANIE ROY	DECEASED ACCOUNT
8520	52.00	5/21/2009	JEFFERSON COUNTY CLERK	ONE LEIN RELEASE
8521	13.00	5/21/2009	OLDHAM COUNTY CLERK	ONE LEIN RELEASE
8522	13.00	5/21/2009	BULLITT COUNTY CLERK	ONE LEIN RELEASE
8523	12.00	5/21/2009	CLARK COUNTY RECORDER	ONE LEIN RELEASE
8524	22.00	5/21/2009	MERCER COUNTY CLERK	ONE LEIN RELEASE
8525	44.00	5/21/2009	BULLITT COUNTY CLERK	TWO LEIN RELEASES
8526	22.00	5/21/2009	OLDHAM COUNTY CLERK	ONE LEIN RELEASE
8527	22.00	5/21/2009	SPENCER COUNTY CLERK	ONE LEIN RELEASE
8528	15.00	5/21/2009	FLOYD COUNTY LICENSE BRANCH	ONE LEIN RELEASE
8529	10.00	5/21/2009	KENTUCKY SECRETARY OF STATE	ONE LEIN RELEASE
8530	76.00	5/21/2009	DOWNTOWN FORD	INDIRECT LENDING
8531	90.00	5/21/2009	AL JONES	INDIRECT LENDING
8532	430.21	5/26/2009	GENERAL SERVICES ADMINISTRATION	OFFICE OCCUPANCY
8533	14,452.31	5/26/2009	LOUISVILLE METRO GOVT	INSURANCE
8534	135.00	5/26/2009	GRACE TITLE GROUP	PROFESSIONAL/OUTSIDE
8535	32.00	5/26/2009	JEFFERSON COUNTY CLERK	ONE LEIN RELEASE
8536	135.00	5/26/2009	GRACE TITLE GROUP	PROFESSIONAL/OUTSIDE
8537	32.00	5/26/2009	JEFFERSON COUNTY CLERK	ONE LEIN RELEASE
8538	160.00	5/26/2009	GRACE TITLE GROUP	PROFESSIONAL/OUTSIDE
8539	32.00	5/26/2009	SPENCER COUNTY CLERK	ONE LEIN RELEASE
8540	74,824.23	5/27/2009	JANE O. SMITH	DECEASED ACCOUNT
8541	302.71	5/27/2009	CARL HICKS	EXPENSE REIMBURSEMENT MAY 2009
8542	421.25	5/27/2009	DIRECT RESPONSE	INSURANCE
8543	369.81	5/29/2009	ADT SECURITY SERVICES	OFFICE OCCUPANCY
8544	57.32	5/29/2009	LOUISVILLE METRO GOVT	PHONES
8545	738.38	5/29/2009	AAA SYSTEMS	EQUIPMENT MAINTENANCE
8546	830.23	5/29/2009	STAPLES	STATIONERY/SUPPLIES
8547	639.85	5/29/2009	BLUEGRASS.NET	COMPUTER
8548	1.26	5/29/2009	LINDSAY STINSON	POSTAGE
8549	7,935.00	5/29/2009	ADMAN MARKETING	EDUCATION
8550	769.05	5/29/2009	CHEXSYSTEMS	PROFESSIONAL/OUTSIDE
8551	50.00	5/29/2009	SHRED IT	PROFESSIONAL/OUTSIDE
8552	1,050.00	5/29/2009	KENNETH KLING	PROFESSIONAL/OUTSIDE
8553	658.65	5/29/2009	TELEDATA COMMUNICATIONS	PROFESSIONAL/OUTSIDE
8554	2,578.04	5/29/2009	FISERV	PROFESSIONAL/OUTSIDE
8555	300.00	5/29/2009	PETER MARGERUM	PROFESSIONAL/OUTSIDE
8556	250.00	5/29/2009	MARVIN SCHMIDT	PROFESSIONAL/OUTSIDE
8557	300.00	5/29/2009	J. SCOTT WISE	PROFESSIONAL/OUTSIDE
8558	1,450.00	5/29/2009	DAVID WATERMAN	PROFESSIONAL/OUTSIDE
8559	0.00	5/29/2009	VOID	VOID
8560	25.82	5/29/2009	CATHY PENNELL	LOCAL TRAVEL MAY 2009
8561	61.99	5/29/2009	DON FRITTS	LOCAL TRAVEL MAY 2009
8562	0.00	5/29/2009	VOID	VOID
8563	3.56	5/29/2009	BARBARA BRIGGS	LOCAL TRAVEL MAY 2009
8564	8.97	5/29/2009	PHYLLIS DILLON	LOCAL TRAVEL MAY 2009
8565	0.00	5/29/2009	VOID	VOID
8566	147.00	5/29/2009	LARRY DODSON	BOARD MEETING
8567	190.00	5/29/2009	PARC	PARKING FOR DT EMPLOYEES
8568	31.98	5/29/2009	JEB ADVERTISING	ANNUAL MEETING
8569	9.99	5/29/2009	BALBOA INSURANCE CO	INSURANCE
8570	1,760.00	5/29/2009	GENERAL SERVICES COMPANY	OFFICE OCCUPANCY
8571	759.44	5/29/2009	ZIP EXPRESS COURIER SERVICE	PROFESSIONAL/OUTSIDE
8572	236.38	5/29/2009	VISA	SEE ATTACHED
8573	2,425.12	5/29/2009	MASTERCARD	SEE ATTACHED
8574	304.15	5/29/2009	RACHEL LEE	LOCAL TRAVEL MAY 2009
8575	0.00	5/29/2009	VOID	VOID
8576	518.95	5/29/2009	THE LINCOLN NATIONAL LIFE INS (INSURANCE
8577	289.00	5/29/2009	COYLE DODGE	INDIRECT LENDING
8578	86.00	5/29/2009	CLAPP VOLKSWAGEN	INDIRECT LENDING
8579	115.00	5/29/2009	JAMIE WILCOXSON	INDIRECT LENDING
8580	303.00	5/29/2009	CAPITAL FUNDING	INDIRECT LENDING
Total	164,517.60		152	

MAY 2009

OPERATING ACCOUNT GL #733000 PAYOUTS

ACH Amount	Payable To:	Reason
1,316.40	AT&T	Phones - MO & HV
811.92	Louisville Gas & Electric - MO	Office Occupancy
334.29	Louisville Gas & Electric - HV	Office Occupancy
2,000.00	Postage	Postage
234.03	Louisville Water Co. - HV	Office Occupancy
345.94	AT&T	Internet - Indiana
Total	5,042.58	

Month	May 2009																																			
Stations / Spots	WAVE-TV 3 (A - 19)										WHAS-TV 11 (B - 17)							WLKY-TV 32 (C - 27)																		
Date	Apr 27	28	29	30	May 1	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	
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	
AM																																				
12:00 - 12:59																																				
1:00 - 1:59									B																											
2:00 - 2:59		C	C						C	C					C							C														
3:00 - 3:59																	C																			
4:00 - 4:59														C							C															
5:00 - 5:59								B			B																									
6:00 - 6:59					AB CC		BB			A		B	B						AC C			A				CC					A					
7:00 - 7:59							BB			B		C		BB						A														A		
8:00 - 8:59						A							AB														A									
9:00 - 9:59																																				
10:00 - 10:59																																				
11:00 - 11:59																																				
PM																																				
12:00 - 12:59	A							AC C						B	CC			A				CC								A						
1:00 - 1:59																																				
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5:00 - 5:59		CC														CC																				
6:00 - 6:59	A									C		A						A				A									A					
7:00 - 7:59																																				
8:00 - 8:59																																				
9:00 - 9:59																																				
10:00 - 10:59																																				
11:00 - 11:59							B																													

Total Spots = 63



NEW LOW COST ID THEFT RECOVERY SERVICE

Identity theft is defined as the use of any of your personal information – name, address, social security number, driver license number, phone numbers, etc. – without your permission. The U.S. Department of Justice states identity theft and identity fraud “refer to all types of crime in which someone wrongfully obtains and uses another person’s personal data in some way that involves fraud or deception, typically for economic gain.” That economic gain could be by using your social security number to work, resulting in erroneous wage and tax reports to the IRS, the use of your personal information and health insurance information to secure medical services without paying for them—the collectors come after you, or criminals use your personal information to set up utilities or sign rental contracts and then don’t pay.

The bottom line is this – it is important to take proactive measures and do all you can to safeguard your personal information. Following sensible precautions like shredding and being wary of emails can help reduce your risk. But no one is without some risk.

As part our commitment to fight the effects of identity theft and bring you programs of incredible value every day, we have joined with the nation’s best provider to offer ID SafeChoice. To be sure you have a complete recovery program in place for you and your family so, if the worst happens, you can rest assured that you won’t be left to clean up the mess on your own.

Beginning August 1st, all JCFCU qualifying checking account holders and their family members will automatically receive ID SafeChoice Select benefit. Beginning October 1st, a fee associated with this new benefit of \$1.95 per family per month will be deducted from your checking account. In the event that you have multiple checking accounts with JCFCU listed

[CONTINUED ON PAGE 2 COLUMN 1]

SPECIAL RECOGNITION

The Board of Directors is pleased to announce that several individuals were recognized at the annual meeting for their service to Jefferson County Federal Credit Union.

Board Chairman William Eskridge was recognized and presented with a plaque for 40 years of volunteer service to Jefferson County Federal Credit Union.

Carl F. Hicks, President and CEO was recognized for 32 years of service to Jefferson County Federal Credit Union.

Gary S. Edelen, Senior Vice President was recognized for 31 years of service to Jefferson County Federal Credit Union.

The 40th annual meeting was dedicated to the memory of **Carl C. Rixman**, former Treasurer Emeritus and a credit union volunteer for 52 years. His sons, Larry, Steve and Terry accepted a plaque on behalf of the Rixman family.

NEW SERVICES 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.

AMUSEMENT PARK TICKETS

	Adult	Child
Cedar Point	37.50	18.25
Cincinnati Zoo	10.00	7.25
Holiday World	33.50	27.50
Kentucky Kingdom	17.50	n/a
Kings Island	22.50	n/a
Louisville Zoo	9.50	6.75
Newport Aquarium	18.50	11.75
The Beach	17.00	9.00

(All Sales Final - No Refunds or Exchanges)
(All Prices Are For One Day Tickets)

AVAILABLE AT LOUISVILLE SHARED BRANCHES - PRICES MAY VARY

Annual Meeting Report

We certainly hope those of you in attendance enjoyed the fellowship and knowledge gained at the 40th Annual Meeting. We would like to take this opportunity to recognize the incumbents pictured below who were elected to the Board of Directors for three year terms. We also want to thank Wendell Lyons, President of the Kentucky Credit Union League for attending the meeting and updating the membership on the NCUA special assessment.



Marilynn Hettich



Wendell Wright

Following the annual meeting the Directors held a reorganization meeting to elect officers for 2009-10. They are:

WILLIAMESKRIDGE	Chairman
STEVE SCHWEITZER	Vice-Chairman
WENDELL WRIGHT	Treasurer
ED DAVIS	Secretary

Supervisory Committee

The following were appointed to the Supervisory Committee for the upcoming 2009-10 term. We would like to take this opportunity to acknowledge them as well.

SUSAN CLIFTON - Chairperson
RICHARD KOCH
STAN ROBINSON
GARY FISCHER
JOSHUA JACKSON

SIGN UP FOR e-STATEMENTS

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 is also provided in a printer friendly format. Simply log onto Home Branch, click the e-Statements button and follow the directions. That's all there is to it! You can help make your mailman happy while saving time and paper when you sign up for e-statements.

under a single member number, the fee will be deducted from the lowest numbered checking suffix. Members receive recovery services for 3 generations of your family – you, your spouse or partner, your dependents up to age 25 with the same permanent residence address, and your parents living with you or in hospice, nursing care or assisted living, with benefits extended up to 12 months after death.

How Does The Identity Theft Recovery Service Work? If you suspect your identity has been stolen or compromised in any way, one phone call to JCFCU will put you in touch with a certified Identity Recovery Advocate. Your assigned Advocate will provide a complete assessment of the case, develop a specific Recovery Plan with you, and continue to work on your behalf until all suspect events have been resolved. They do all of the legwork!

- ◆ If you have seen evidence of fraud, your Advocate will obtain a copy of all three of your credit reports and review these with you to determine if additional fraud exists.
- ◆ Your Advocate will place fraud alerts and file fraud affidavits with the three major credit bureaus, the Federal Trade Commission, Social Security Administration, US Postal Service, Department of Motor Vehicles, and local and federal law enforcement, among others, to endeavor to restore your identity to pre-event status.
- ◆ Your Advocate will work with law enforcement to try to identify the person or persons using your identity to stop the damage and bring the parties to justice.
- ◆ You will receive progress reports and post-recovery follow-up for twelve full months.

If you receive notification on more than one account that you or your family member has with JCFCU, please be sure to tell us the account you prefer to be included in this program and we will cancel your benefit on the other accounts. If your residential or other determining status changes it will be your responsibility to notify us to delete the coverage or enroll you in the program if you desire coverage. If you already have identity theft coverage, or if you prefer to decline this benefit for any reason, you may contact JCFCU at any time to forfeit this benefit and forego the fee. For more details and an opt out form please contact the closest JCFCU

[CONTINUED ON PAGE 2 COLUMN 2]

branch office. Since this is a family benefit, one account provides IDSafeChoice benefits for your entire family. If you have more than one draft suffix listed on your statement, we will use the lower numbered suffix for premium assessment. If you wish to change your designated suffix for fee assessment, you may do so by contacting the credit union.

SECOND QUARTER STAFF SERVICE ANNIVERSARIES

GARY S. EDELEN Senior Vice President	31	YEARS
ROBIN HOLCOMB Vice President Member Services	22	YEARS
BARBARA BRIGGS Administrative Officer	9	YEARS
JESSICA BANKS Support Services Officer	6	YEARS

Shared Branch "Info"

Our shared branch network can serve you in Louisville as well as an additional 3,700 locations across the country. Check their website for locations near you or where you plan to travel at www.creditunion.net. If you do not have access to a computer you can call 1-800-919-2872 for a location when you are out of the Louisville area. You may search by zip code or street address. Because of serving many, many different institutions, all services offered by your credit union cannot be made available in this environment.

Shared branches have extended hours, drive-in lanes and surcharge free ATMs (local) that some of our regular branches do not have. You can cash checks, make loan payments, make regular share and share draft transactions, obtain open-end loan advances and purchase VISA Travel Cards, VISA Gift Cards and money orders. You cannot open or close accounts, close loans, transact business on IRA or certificate of deposit accounts. The amount of currency you can get in a day may be limited.

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.

Editor's Notes

We would like to officially welcome our newest staff members. **Rachel Lee** will work in our business development area. **Sandy Myjak** will work in our member services area. Both of these folks are looking forward to serving you.

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 - 810 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

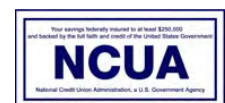
* LOUISVILLE SHARED BRANCH LOCATIONS OPEN

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 THE 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 TINTO 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