

# Members ONLY

## NEWS



### 2nd Annual BBQ

Gardiner Federal Credit Union is holding their second Annual BBQ to benefit Maine Special Olympics. The proceeds from the BBQ will once again be used to purchase t-shirts for any of the Gardiner Olympians who are joining us for the first time or who have out grown their last year's shirts.

**Location:** Gardiner Federal Credit Union

**Date:** Tuesday, May 1, 2001\*

**Time:** 10:30 am – 2:00 pm

**Price:** \$5:00 for 1 hotdog, 1 hamburger, bag of chips, can of soda or 2 hotdogs, bag of chips, can of soda

Come join the fun and help raise money to benefit Maine Special Olympics

\*Rain Date Wednesday, May 2, 2001

### GFCU 4th Annual Car Wash/BBQ

Gardiner Federal Credit Union is holding their 4th Annual Car Wash/BBQ on Tuesday, July 17, 2001\* from 9:00 A.M. to 3:00 P.M. We realize that July is a while away, however, we would like to have you write this important date on your calendar.

All proceeds raised at the Car Wash/BBQ will be donated to Maine Special Olympics (Gardiner Olympians).

Watch for your reminder and more details in your July newsletter.

Please come enjoy the food and watch the staff wash your car. It can't get any better than that.

\*Rain dates: July 18 or July 24

## NEWS

### 48th Annual Meeting

Gardiner Federal Credit Union's 48th Annual Meeting date has been set for **Tuesday, April 24, 2001**.

Our Annual Meeting is more than just a business get together that happens once a year. It's a solid commitment by staff, members and volunteers to keep the Credit Union vibrant and healthy.

#### It's important to Attend

As a member, you are part owner of the Credit Union. What happens to the organization is very important to you—and to the rest of the membership. At the Annual Meeting, you have a chance to learn how well the Credit Union is doing, and you can meet with Credit Union staff and other members on a social basis. You'll also have a chance to ask questions or raise issues.

More important, you will have an opportunity to elect fellow members to the Board of Directors who oversee the operation of the Credit Union. Your participation in this event is essential.

Brunette Catering will cater dinner and tickets are being sold at the Credit Union Office **ONLY**, at a cost of \$10.00 for adults and \$5.00 for children 12 and under.

The Grand Prize is a DVD Player. Along with this, there will be non-cash and cash prizes totaling \$500.00.

The agenda for the 48th Annual Meeting is as follows:

**Date:** Tuesday, April 24, 2001

**Location:** Gardiner Regional Middle School  
Cobbossee Avenue

**Time:** 6:00 P.M. to 6:30 P.M. . . . . .Social  
6:30 P.M. to 7:00 P.M. . . . . .Business Meeting  
7:00 P.M. to 8:00 P.M. . . . . .Dinner  
8:00 P.M. . . . . .Prizes



### Loan Department Fax Line

To better serve the membership, the Credit Union has added a new fax line exclusively for the Loan Department. Please forward all faxes pertaining to the Loan Department to (207) 582-7163.

### Interested in Serving?

Are you interested in serving as a volunteer on the Credit Union's Board of Directors?

The Nomination Committee's soul responsibility is to solicit from our Credit Union membership volunteers to serve as Board Director for our Credit Union. The Board of Directors term of office is three years. One of the main functions of the Board is to set policy that would govern the operation of the Credit Union.

Once a year, the membership has the responsibility to elect fellow Credit Union members as representatives to the Board of Directors. This election is held at the Credit Union's Annual Meeting. The Nomination Committee is presently seeking candidates for two Directors. If interested in serving, please call or contact:

Chairperson Joan Vining  
62 Pierce Street  
Gardiner, Maine 04345  
(207) 582-0488

Eric Jermyn  
96 Central Street  
Gardiner, Maine 04345  
(207) 582-1623

Robert Antognoni  
PO Box 97  
No Whitefield, Maine 04353  
(207) 549-7694

## PROMOTIONS

### What's all the buzz about?

Gardiner Federal Credit Union is offering: Motorcycles, Boats, Campers, RV's, Watercraft, 4-Wheelers, and Lawn Tractors at an Interest rate as low as 7.50%\*

FLY on into the Credit Union and obtain a Lightening Loan.

\* Annual Percentage Rate. Some restrictions apply. Promotion runs April 1 – July 31, 2001. Rates subject to change.

### Win \$25.00

Can you find your account numbers? There are two hidden account numbers in the context of these articles. If you find your number, notify the Credit Union and we will deposit \$25.00 into your share account.

## INTRODUCING

### Welcome MSAD #11 Students and their families

We have received notification from the National Credit Union Administration that our request to add MSAD 11 students and their family to our field of membership has been approved. Approximately 2400 students will be able to enjoy the services and benefits offered by our Credit Union. Also, family members of these students qualify for membership. We are asking our present field of membership to encourage these students to open accounts with our Credit Union.

Our Board of Directors and employees are pleased with this decision and welcome the students and their families to the Gardiner Federal Credit Union.

For information on how to open your account, please call (207)582-2676 or stop by the Credit Union Office and speak with a Teller.

## NEWS

### Maine Special Olympics

(Kennebec Valley Maine Special Olympics)

Wednesday, May 9, 2001 at 9:00 A.M., the KV Maine Special Olympics will be held at the Halldale High School. Credit Union employees **Kerry Wood** and **Tracie Curtis** will be volunteering their time to help the Gardiner Olympians arrive at their events on time.

The Credit Union will be purchasing new shirts for any of the Gardiner Olympians who have joined us for their first year or any Olympian that needs a new shirt.

On Tuesday May 1, 2001 (Rain date Wednesday May 2) from 10:30 A.M.–2:00 P.M. the credit union will be having our 2nd Annual BBQ to raise money for the shirts. Anyone interested in donating toward this excellent cause, please stop by the Credit Union, join in the fun and have lunch with us.

## INTRODUCING

### Mortgage Loans

Gardiner Federal Credit Union is now offering a mortgage that will make you feel right at home. For financing to make that new house your home – or refinancing to help make your existing home more affordable – nothing compares with the ease of working with your credit union.

Most people cannot accumulate all the cash needed to buy a house. So, what most people do is borrow a large part of the purchase price. This instrument of borrowing is called mortgage financing. When obtaining a home mortgage you must in return pledge your house, the land or lot, and the down payment as security.

Gardiner Federal Credit Union would like to educate our members in this process. Below is information to help you become a more informed consumer:

#### Mortgages fall into two broad categories:

**Fixed Rate:** The interest rate remains the same throughout the length of the loan. This is commonly 30 years, but it may be 10, 15, or 20 years.

**Adjustable Rate:** An adjustable rate mortgage (ARM) has an interest rate that varies over the term of the loan. The starting interest rate is lower than the going market rate, but can increase or decrease a certain amount at specific intervals, such as once a year, or every six months, three years or five years, for example. The interest rate on an ARM is pegged to some sort of financial index, such as the price of Treasury notes. The lender also will have a margin, the markup added to the index, to determine the new rate at each adjustment.

#### Commonly Asked Questions

##### What exactly is a Mortgage?

A mortgage is simply a very large loan that a homebuyer uses to purchase a home. Four nine five five There are different parts of a mortgage. The following is one of those instruments:

**Mortgage Note:** sometimes called a promissory note, it is the document that contains a promise to repay the loan. It indicates the specific terms and conditions of your loan, and how it will be repaid.

The actual mortgage is a separate document that you sign at closing. It pledges your home as security for the loan.

##### What exactly is Principal & Interest (P&I)?

All mortgage payments are divided into two different parts:

**Principal:** The principal is the amount you return to the lender for the actual dollars that you borrowed. Because the principal is based on the amount of money that you actually borrowed, it remains fixed for the entire life of the loan, but is reduced proportionally with each payment.

**Interest:** The interest that you will be charged can vary depending on the interest rate market conditions, and the type of mortgage that you receive.

##### Should I Refinance?

The most common reason for refinancing is to save money. Saving money through refinancing can be achieved in two ways:

- 1) By obtaining a lower interest rate that assures one's monthly mortgage payment to be reduced.
- 2) By reducing the term of the loan, thus saving money over the life of the loan.

People can also refinance to convert their adjustable loan to a fixed loan. A third reason why homeowners refinance is to consolidate debts and replace high-interest loans with a low-rate mortgage. The loans being consolidated may include second mortgages, credit lines, student loans, credit cards, etc. In many cases, debt consolidation results in tax savings, since consumer loans are not tax deductible, while a mortgage loans can be tax deductible.

The answer to the question "Should I refinance?" is a complex one, since every situation is different and no two homeowners are in the exact same situation. Even the conventional wisdom of refinancing only when you can save 2% on your mortgage is not really true. If you are refinancing to save money on your monthly payments, the following calculation is more appropriate than the 2% rule:

- 1) Calculate the total cost of the refinance – example: \$2000
- 2) Calculate the monthly savings – example: \$100/month
- 3) Divide the result in 1 by the result in 2 – in this case  $2000/100 = 20$  months

This shows the break-even time. If you plan to live in the house for longer than this period of time, it makes sense to refinance.

##### Should I pay points? Does a 0 point/0 fee loan really exist?

The best way to decide whether you should pay points or not is to perform a break-even analysis. This is done as follows:

- 1) Calculate the cost to the point. Example: 2 points on a \$100,000 loan is \$2000. (1 point = 1% of loan amount)
- 2) Calculate the monthly savings on the loan as a result of obtaining a lower interest rate. Example: \$50 per month
- 3) Divide the cost of the points by the monthly savings to come up with the number of months to break even. In the above example, this number is 40 months. If you plan to keep the house for longer than the break even number of months, then it makes sense to pay points; otherwise it does not.

4) The above calculation does not take into account the tax advantages of points. When you are buying a house the points you pay are tax-deductible, so you realize some savings immediately. On the other hand, when you get a lower payment, your tax deduction reduces! This makes it a little difficult to calculate the break-even time taking taxes into account. In the case of a purchase, taxes definitely reduce the break-even time. However, in the case of a refinance, the points are NOT tax-deductible, but have to be amortized over the life of the loan. This results in a few tax benefits or none at all, so there is little or no effect on the time to break even.

If none of this makes sense, use this simple rule of thumb: If you plan to stay in the house for less than 3 years, do not pay points. If you plan to stay in the house for more than 5 years, pay 1 or 2 points. If you plan to stay in the house for between 3 and 5 years, it does not make a significant difference whether you pay points or not.

**What is a Rate Lock?**

A rate lock is a written agreement in which the lender guarantees the borrower a specified interest rate, provided the loan closes within a set period of time. You cannot close a mortgage loan without locking in an interest rate. There are four components to a rate lock:

- 1) Loan Program; 2) Interest Rate; 3) Points; 4) Length of the lock.

The longer the length of the lock, the higher the points or the interest rate. This is because the longer the lock, the greater the risk for the lender offering that lock.

**Can my loan be sold?**

Your loan can be sold at any time. There is a secondary mortgage market in which lenders frequently buy and sell pools of mortgages. This secondary mortgage market results in lower rates for consumers. A lender buying your loan assumes all terms and conditions of the original loan. As a result, the only thing that changes when a loan is

sold is to whom you mail your payment. If your loan has been sold, your existing lender will notify you that your loan has been sold, who the new lender is, and where you should send your payments from now on.

When Gardiner Federal Credit Union holds a mortgage loan on our system, it is our intention to hold that loan for the duration of the mortgage. However there may be financial circumstances that will force us to sell the loan.

**What is PMI? Can I get rid of the PMI on my loan?**

PMI or Private Mortgage Insurance is normally required when you buy a home with less than 20% down. Mortgage insurance is a type of guarantee that helps protect lenders against the costs of foreclosure. This insurance protection is provided by private mortgage-insurance companies, and enables lenders to accept lower down payments than they would normally accept. The lower you're down payment, the higher your PMI cost is. To cancel the PMI on your loan, contact your lender. In most cases, an appraisal will be required to determine the value of your property. Your lender will contact the appraiser and in most cases you will be required to pay for the cost of this appraisal.

**What is an APR?**

The annual percentage rate (APR) is an interest rate that is different from the note rate. It is commonly used to compare loan programs from different lenders. The Federal Truth in Lending law requires mortgage lenders to disclose the APR when they advertise a rate. Typically the APR is found next to the rate.

The APR does NOT affect your monthly payments. Your monthly payments are a function of the interest rate and the length of the loan. The APR is designed to measure the "true cost of a loan". It creates a level playing field for lenders. It prevents lenders from advertising a low rate and hiding fees.

Contact Kerry today to set up an appointment to refinance or get you in a new home!

# SCHOLARSHIP NEWS

## Attention Scholarship Applicants

Gardiner Federal Credit Union will be awarding two \$500.00 scholarships to any member currently pursuing a post-secondary education. Full-time, part-time and non-traditional students are all eligible. The process to apply for the scholarship is:

1. Complete a scholarship application. Applications are located in the Credit Union lobby, this newsletter, on our web page ([www.gardinerfcu.org](http://www.gardinerfcu.org)) and upon request.
2. Mail, fax or drop off the application to arrive no later than May 15, 2001 in an envelope addressed to the Credit Union or Gardiner Area High School Guidance Office. Please mark the envelope CONFIDENTIAL – Community Relationship Committee.

The form below can be used for an application.

**Gardiner Federal Credit Union Scholarship Application**

**Name:** \_\_\_\_\_ **GFCU MEMBER #** \_\_\_\_\_

- **Criteria:** Must be a member of Gardiner Federal Credit Union and must complete the following essays.
- **Purpose:** To give recognition and financial assistance to credit union members pursuing a post-secondary education.
- **Amount:** Two (\$500) scholarships to be decided by May 30th. The award will be sent to the school of the applicant's choice at the beginning of the second semester.
- **Selected by:** The Community Relationship Committee of Gardiner Federal Credit Union

<b>· Activities:</b> School	Community	Work
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

- **Essays:**
  - 1 Briefly describe your post secondary educational plans.
  - 2 Describe an event or activity that enhanced or impacted your personal or educational development.
  - 3 Write one or two paragraphs on why you're the best candidate for this scholarship.

Please return this form with your essays attached to Gardiner Federal Credit Union or Gardiner Area High School Guidance Office by May 15, 2001

## PRIVACY NOTICE AND DISCLOSURE

Gardiner Federal Credit Union, your member owned financial institution, is committed to providing you with competitive products and services to meet your financial needs and help you reach your goals. We are equally committed to protecting the privacy of our members. Under federal law, we are required to give you this privacy notice. It describes our credit union's privacy policy and practices concerning the personal information we collect and disclose about our members. It also includes information about the parties who receive personal and sometimes nonpublic member information from us as we conduct the business of the credit union. These practices are followed by the credit union.

If after reading this notice you have questions, please contact us at (207) 582-2676 or write to: **Gardiner Federal Credit Union, RR 5 Box 105 8 Brunswick Road, Gardiner, Maine 04345**

### Information We Collect About You

We collect nonpublic personal information about you from the following sources:

- Information we receive from you on applications and other forms
- Information about your transactions with us
- Information we receive from a consumer reporting agency
- Information obtained when verifying the information you provide on an application or other forms. This may be obtained from your current or past employers, or from other institution where you conduct financial transactions.

### Information We Disclose

We may disclose all of the information we collect, as described above, as permitted by law.

### Parties Who Receive Information From Us

We may disclose personal information about you to the following types of third parties:

- Financial service providers, such as insurance companies, mortgage service companies, and securities broker-dealers.
- Non-financial companies, such as consumer reporting agencies, data processors, check/share draft printers, financial statement publishers, retailers, plastic card processors, and government agencies.

We may also disclose non-public personal information about you to non-affiliated third parties as permitted by law.

### Disclosure of Information to Parties That Provide Services to Us

In order for us to conduct the business of the credit union, we may disclose all of the information we collect, as described above, to companies that perform marketing or other services on our behalf or to other financial institutions with whom we have joint marketing agreements so that we may provide members competitive products and services. We may also disclose nonpublic personal information about you under circumstances as permitted or required by law. These disclosures typically include information to process transactions on your behalf, conduct operations of our credit union, follow your instructions as you authorize, or protect the security of our financial records. Four six seven seven

To protect our members' privacy, we only work with companies that agree to maintain strong confidentiality protections and limit the use of information we provide. We do not permit these companies to sell the information we provide to other third parties.

**Note to Joint Account Holders:** If you and someone else (or others) who is/are not member(s) of our credit union has/have obtained a financial product from us, the nonmember(s) is/are eligible to exercise the right to opt-out. If any one of you exercise the right to opt-out, we will treat it as if all of you directed us to not make disclosures to non-affiliated third parties (except those that are permitted by law).

### Disclosure of Information About Former Members

If you terminate your membership with Gardiner Federal Credit Union, we will not share information we have collected about you, except as may be permitted or required by law.

### Fair Credit Reporting Act Disclosure

Gardiner Federal Credit Union is permitted by law to share any information about their transactions or experiences with you. Information taken from credit reports may also be shared.

### How We Protect Your Information

We restrict access to nonpublic personal information about you to those employees or other authorized persons who need to know that information to provide products or services to you. We maintain physical, electronic, or procedural safeguards that comply with federal regulations to guard your nonpublic information.

### What Members Can Do to Help

Gardiner Federal Credit Union is committed to protecting the privacy of its members. Members can help by following these simple guidelines:

- Protect your account numbers, plastic card numbers, PINs (personal identification numbers) or passwords. Never keep your PIN with your card, which can provide free access to accounts if your card is lost or stolen.
- Use caution when disclosing your account numbers, social security numbers, etc. to others persons. If someone calls you explaining the call is on behalf of the credit union and asks for your account number, you should be aware. Official credit union staff will have access to your information and will not need to ask for it.
- Keep your information with us current. If your address or phone number changes, please let us know. It is important that we have current information on how to reach you. If we detect potentially fraudulent or unauthorized activity or use of an account, we will attempt to contact you immediately.
- Let us know if you have questions. Please do not hesitate to call us—we are here to serve you!

## UPCOMING HOLIDAYS

*Monday, April 16, 2001*  
*Patriots' Day*

*Monday, May 28, 2001*  
*Memorial Day*

*Wednesday, July 4, 2001*  
*Independence Day*

## RATE BOARD

### Rates

Rates on deposit accounts and loans may change from time to time. The development, printing, and delivery of your Members Only newsletter takes two to three weeks; therefore, the accuracy of rates during this extended time may be compromised.

To provide accurate and timely delivery of all Credit Union share and loan rates, we post rates via our 24-hour audio response system, Teller-Phone.

For accurate and timely rates, dial Teller-Phone at 1-800-757-8068 or locally in Augusta 621-6050.

Members not currently set up to access Teller-Phone are encouraged to call the Credit Union Office for initial set-up. Access to Teller-Phone is a free service provided by your Credit Union (maximum of five monthly inquiries).

Rates are accurate as of March 31, 2001 and are a limited listing of Credit Union deposit account options.

Primary Shares	2.25% Dividend Rate	2.27% APY*
Primary Clubs	2.25% Dividend Rate	2.27% APY*
IRA Shares	2.50% Dividend Rate	2.53% APY*

\*Annual Percentage Yield



## MEMBERS ONLY

from Gardiner Federal Credit Union

*Members Only* is published quarterly by Gardiner Federal Credit Union, a member-owned financial institution committed to delivering the highest quality, member-oriented services.

The Credit Union is located at RR5 Box 105, 8 Brunswick Road, Gardiner, Maine 04345 (207) 582-2676, Toll Free 1-800-464-2425, FAX (207) 582-3108, Audio Response (Teller-Phone) 24 hours 1-800-757-8068  
Email: [Info@gardinerfcu.org](mailto:Info@gardinerfcu.org)

Visit your Credit Union on the web:  
[www.gardinerfcu.org](http://www.gardinerfcu.org)

Lobby and Drive-Up hours are  
8:00–5:00, Monday through Friday.

*"Sharing the path to your family's financial success."*