

Model 7: Paycheck Advance Loan

Four Corners Federal Credit Union

16 CR 6500

Kirtland, NM 87417

www.fourcornersfcu.com

Assets: \$16.3 million

Members: 3,422

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Four Corners Federal Credit Union's (Four Corners FCU's) Paycheck Advance Loan program started in February 2005. A spreadsheet of PAL loans since the product's inception follows (Exhibit 1).

Loan Features:

- Loan amount: \$700 maximum + \$20 loan application fee
- Closed end
- 18% APR
- Term: four months; equal payment installments
- Direct deposit required

Underwriting Criteria:

- At least two direct deposits received prior to loan disbursement
- Member has been employed by present employer for at least six months

Results for 12 months preceding September 2008 (unless noted otherwise):

- Average number of loans disbursed each month: 452
- Average loan disbursed: \$700
- Average outstanding balance per month: \$454,000
- Interest income: \$82,840
- Application fee income: \$108,420
- Charge-offs since inception of program: \$35,807
- Charge-offs for nine months in 2008: \$8,509
- Charge-offs as a percent of average outstanding balances: 1.9%

FOUR CORNERS FEDERAL CU-Exhibit 1

PAYCHECK ADVANCE LOAN PROGRAM

QUALIFICATIONS FOR LOAN:

Must have direct deposit and at least 2 pay days received.
Member has been employed by present employer for at least 6 months.
Member who is getting loan must be the one getting direct deposit. (Spouse cannot pay for the loan)

RESTRICTIONS:

Loans are limited to 700.00 + Loan Application Fee=\$20.00

Note (Changed from 500.00 9-01-07)

2006

Notes	January	February	March	April	May	June	July	August	Sept	Oct	Nov	Dec	Totals 2006
Amount of New Loans Disbursed	187,263	144,445	219,060	167,877	198,551	221,299	190,460	233,830	193,769	173,326	185,329	240,160	2,355,368
Number of New Loans	366	283	428	328	389	436	370	434	380	339	360	465	4,578
Application Fee Income	7,320	5,660	8,560	6,560	7,780	8,720	7,400	8,680	7,600	6,780	7,200	9,300	91,560
Total of Loans	287,284	253,259	257,389	266,725	278,188	282,694	296,568	293,674	303,011	303,708	285,309	324,103	
Interest Income for Month	4,470	3,709	3,799	3,531	4,159	3,964	4,383	4,752	4,345	4,558	5,083	4,142	50,896
CHARGE OFFS SINCE INCEPTION	15,428												142,456

2007

Notes	January	February	March	April	May	June	July	August	Sept	Oct	Nov	Dec	Totals 2007
Amount of New Loans Disbursed	172,680	144,950	213,234	175,400	220,870	198,670	194,725	307,120	271,960	317,153	309,601	373,663	2,900,026
Number of New Loans	335	285	415	340	431	387	381	524	403	461	451	537	4,950
Application Fee Income	6,700	5,700	8,300	6,800	8,620	7,740	7,620	10,480	8,060	9,220	9,020	10,740	99,000
Total of Loans	308,440	273,698	298,136	311,754	311,633	321,883	334,958	368,207	401,441	418,973	426,614	500,429	356,347
Interest Income for Month	4,934	4,348	4,144	4,518	5,285	4,720	5,065	5,059	5,709	6,592	7,394	7,137	64,904
											Total Income		163,904
CHARGE OFFS SINCE INCEPTION	27,298	thru 12-07											

2008

Notes	January	February	March	April	May	June	July	August	Sept	Oct	Nov	Dec	Totals 2008
Amount of New Loans Disbursed	292,956	240,078	293,704	318,027	309,510	324,820	323,455	343,554	313,190				2,759,295
Number of New Loans	427	347	422	461	445	466	466	493	445				3,972
Application Fee Income	8,540	6,940	8,440	9,220	8,900	9,320	9,320	9,860	8,900				79,440
Total of Loans	454,337	417,100	444,458	451,893	435,823	460,751	448,972	480,170	495,625				454,348
Interest Income for Month	8,168	5,387	6,384	6,763	6,909	6,649	7,112	6,757	7,589				61,717
											Total Income		141,157
CHARGE OFFS SINCE INCEPTION	35,807	THRU 09-08											