HUNTSMAN FEDERAL CREDIT UNION
PROPOSED EXPANSION OF COMMUNITY CHARTER

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TAB 1

REGIONAL RECORD OF ACTION

RECORD OF ACTION:
PROPOSED EXPANSION OF COMMUNITY CHARTER

FCU Name:	Huntsman	**Charter Number**	7916
Location:	Port Neches, TX	**Total Members:**	8,038
Assets:	$59,873,464	**Current Potential:**	48,000
Shares:	$52,853,324	**Current Penetration:**	16.74%
Loans:	$46,822,600	**New Potential:**	385,090
SE/EX	Lindgren/Chatron	**New Penetration:**	2.09%
Last Exam:	06/30/2002	**CAMEL:**	(b)(8)

The following documentation, required by Interpretive Ruling and Policy Statement (IRPS) 99-1, as amended, is provided in support of the application:

1. Proposal

This request is to serve persons who live, work, worship or attend school in, and businesses and other legal entities located within Hardin, Jefferson or Orange Counties, Texas. The population of the area is 385,090. The population of the proposed area exceeds the regional director's delegated authority limitation of 200,000 for multiple political jurisdictions. However, the identical area was approved by the NCUA Board for Goodrich Employees FCU on September 13, 2001, and also approved by the RD for Mobiloil FCU on May 14, 2002. The NCUAB has delegated authority to the regional director to approve an application for a community charter, regardless of the population, for any area the Board has previously determined community requirements have been met. Therefore, no additional concurrences are required.

2. General Background

Huntsman Federal Credit Union was originally chartered on June 13, 1952, as Jefferson Chemical FCU, to serve the employees of the Jefferson Chemical Company in Port Neches, Texas. The credit union converted to a community charter in October 2000, to serve the cities of Groves, Nederland and Port Neches. The CU has also requested an underserved area for a portion of Chambers County, Texas.

3. Community Boundaries

The proposed community is encompassed by the boundaries of Hardin, Jefferson and Orange Counties, Texas. A map outlining the boundaries is included under Tab 3.

4. Evidence Of Resident Interaction And/Or Common Interests In The Local Community

The requested area was previously approved for Goodrich Employees FCU, and Mobiloil FCU. Per IRPS 00-01, NCUA does not require an applicant CU to submit a narrative summary or documentation to support a community conversion if the identical geographical area has been previously found to meet the definition of a local community, neighborhood or rural district. Attached under Tab 4 are the amendments approved for Goodrich Employees FCU and Mobiloil FCU.

5. Overlaps

No newly chartered credit unions are located in the community.

6. Business Plan

The FCU developed a Business Plan for the conversion.

Ability to serve the community: Service to the community will initially be through the existing facility in Port Neches. This office is located in a heavily traveled area. The office is equipped with drive-up lanes, and an ATM. Also offered is Access 24 Online, the credit union's Internet service, permitting members to check account balances, transfer funds between accounts, search cleared checks and order new checks. Access 24 Telephone Teller provides the same services through an 800 number.

(b)(4)

A wide-range of loan and share products is offered, including home improvement loans, 2nd mortgage loans, home-equity loans, unimproved property loans, new and used boat, RV and motorcycle loans, Visa and MasterCard, check cards, checking, IRAs, money orders and traveler's checks. Some specific items of interest to lower-income persons are detailed below.

A. Share draft accounts with no minimum balance, no fees and no transaction limits.

B. Small-dollar signature loans.

C. Used car loans up to 90% of NADA retail and 60 months.

D. Furniture and appliance loans – 100% of purchase price.

E. Club accounts for youths, teens and senior citizens.

(b)(4)

(b)(4)

The intent of Huntsman FCU to serve the entire community is clearly demonstrated through the marketing plan, and the projections for solid growth in assets, loans and shares. The current office is located in a high traffic area, and provides convenient access for both current and future members. Future office locations will be similarly situated.

7. Current Financial Condition

FPR Trends & Financial Statements: The credit union has total assets of $60.2 million, with a loan to share ratio of 89 percent. As of 12/31/02 Net Worth was 11.29 percent. Profitability is nearly twice the average, due to a low operating expense level. Delinquency is slightly below average, as is the charge-off ratio. Total assets have shown steady growth over the past five years, while loans have increased rapidly over the same time period, and Net Worth has grown at nearly twice the rate as the peer group.

Last Examination: The most recent examination was effective June 30, 2002, resulting in a CAMEL composite rating of (b)(8) All component ratings were also (b)(8) The DE noted management's effectiveness in operating the credit union.

8. Field Review

Field Comments: The Supervisory Examiner and District Examiner both recommend approval of this request.

9. Conclusions and Recommendation

The credit union has a management team quite capable of handling this expansion. The application satisfies the requirements of IRPS 99-1, as amended, regarding the expansion of a community charter. Approval of this proposal would be in the best interests of the community, as well as the credit union and its current membership.

The requested area has been previously shown to be a well-defined community where the residents interact and have common interests. The credit union has demonstrated the ability and intent to serve the entire area. Therefore, the field of membership of Huntsman Federal Credit Union should be expanded to include persons who live, work, worship or attend school in, and business and other legal entities located within Hardin, Jefferson or Orange Counties, Texas.

Based on the information noted above, I recommend this action be approved:

		Insurance Analyst	5/2/03 Date
Concur:	✓		
Do Not Concur:		Robert J. LeCouter	5/2/03
		Director of Insurance	Date
Concur:	✓		
Do Not Concur:		C. Keith Moore	5/2/03
		ARD-O	Date
Concur:		for R.D. Walters	
Do Not Concur:			
		Regional Director	Date

TAB 2

FIELD OF MEMBERSHIP: CURRENT & PROPOSED

Current

AMENDMENT TO CHARTER

Huntsman Federal Credit Union
Charter No. 7916

WHEREAS, formal request has been submitted by the officials of this Federal Credit Union that the following amendment to its charter be approved:

Section 5 of the Charter shall be amended to read as follows:

"The field of membership shall be limited to those having the following common bond:

1. persons who live, work, worship, or attend school in, and businesses and other legal entities located in Port Neches, Groves, or Nederland, Texas (October 24, 2000);

2. members of record of this credit union as of the effective date of its conversion to a community charter;

3. spouses of persons who died while within the field of membership of this credit union;

4. volunteers in the community;

5. members of their immediate families or household; and

6. organizations of such persons."

AND WHEREAS, the amendment is in the best interests of the members and is not inconsistent with Law,

NOW, THEREFORE, pursuant to the provisions of the Federal Credit Union Act, the foregoing submitted amendment of the charter of the above Federal credit union is hereby approved this 24th day of October 2000, subject to adoption by the board of directors in accordance with the Federal Credit Union Bylaws.

_____
J. Leonard Skiles
Regional Director

At a meeting held on _____ the above amendment to the charter was adopted by the board of directors in accordance with the Federal Credit Union Bylaws.

_____
Presiding Officer

_____
Secretary

National Credit Union Administration
REGION V

Proposed

AMENDMENT TO CHARTER

Huntsman Federal Credit Union
Charter No. 7916

WHEREAS, formal request has been submitted by the officials of this Federal Credit Union that the following amendment to its charter be approved:

Section 5 of the Charter shall be amended to read as follows:

"The field of membership shall be limited to those having the following common bond:

1. persons who live, work, worship, or attend school in, and businesses and other legal entities located in Hardin, Jefferson or Orange Counties, Texas (05/02/03);

2. members of record of this credit union as of the effective date of its conversion to a community charter;

3. spouses of persons who died while within the field of membership of this credit union;

4. volunteers in the community;

5. members of their immediate families or household; and

6. organizations of such persons."

AND WHEREAS, the amendment is in the best interests of the members and is not inconsistent with Law,

4807 Spicewood Springs Road - Suite 5200 - Austin, TX 78759-8490 - Office (512) 342-5600 - FAX (512) 342-5620 - E-mail: region 5@ncua.gov

NOW, THEREFORE, pursuant to the provisions of the Federal Credit Union Act, the foregoing submitted amendment of the charter of the above Federal credit union is hereby approved this 2nd day of May 2003, subject to adoption by the board of directors in accordance with the Federal Credit Union Bylaws.

_____
Jane A. Walters
Regional Director

At a meeting held on _____ the above amendment to the charter was adopted by the board of directors in accordance with the Federal Credit Union Bylaws.

_____
Presiding Officer

_____
Secretary

TAB 3

MAPS

(b)(4)

Huntsman FCU Proposed Community

Huntsman FCU Proposed Community

(b)(4)

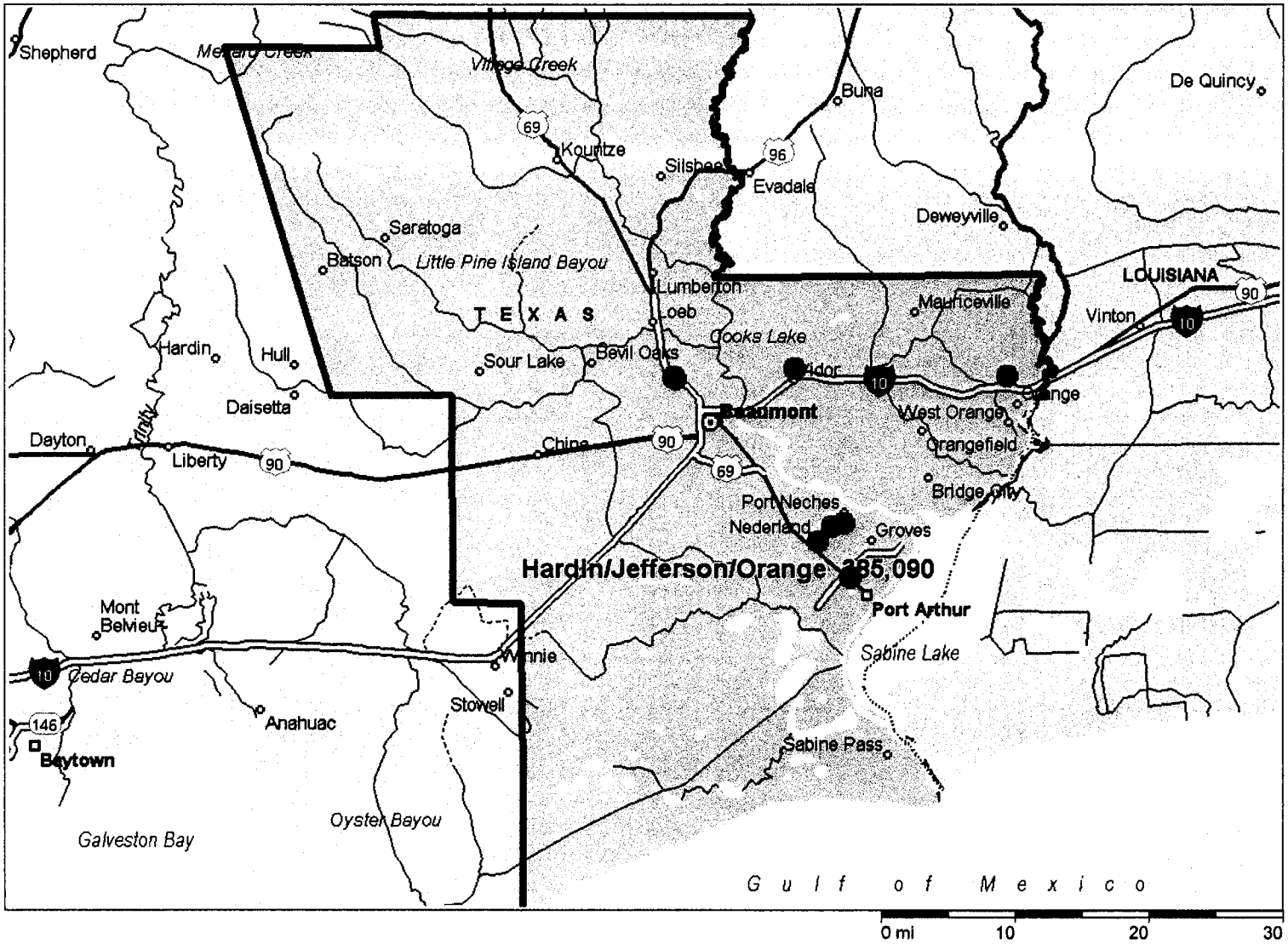
Huntsman FCU Main Office and Select ATM Locations

Pushpins

- Select ATMs
- Main Office

Community

- Hardin/Jefferson/Orange 385,090



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TAB 4

EVIDENCE PROPOSED AREA IS A COMMUNITY

7232	5	GOODRICH EMPLOYEES PORT NECHES, TX	Community	$34,574,509.00	25,000	376,256

FIELD OF MEMBERSHIP: persons who live, work, worship or atrtend school in and businesses and other legal entities located within Hardin, Jefferson or Orange Counties, Texas

Underserved

5589	5	KC FAIRFAX KANSAS CITY, KS	Community	$9,834,729.00	3,750	157,882

FIELD OF MEMBERSHIP: persons who live, work, worship or attend school in and businesses and other legal entities located within the underserved area of Wyandotte County, Kansas

2131	5	COMMUNICATORS HOUSTON, TX	Community	$157,077,105.00	100,000	363,153

FIELD OF MEMBERSHIP: Persons who live, work, worship, or attend school in, and businesses and other legal entities located in the underserved area of Houston, Texas defined by the following boundaries: Beginning at the intersection of Westheimer Road and I-610, north on I-610

Multiple Common Bond Expansion

7023	5	CITY EMPLOYEES PORT ARTHUR, TX	Community	$4,822,904.00	2,050	57,755

FIELD OF MEMBERSHIP: persons who live, work, worship, or attend school in, and businesses and other legal entities located in the low income community of Port Arthur, Texas

10832	5	FORT SILL FORT SILL, OK	Community	$120,734,878.00	50,000	114,996

FIELD OF MEMBERSHIP: Persons who live, work, worship or attend school in, and businesses and other legal entities located in Comanche County, Oklahoma.

5413	5	TEXAS STAR TEXAS CITY, TX	Community	$31,747,040.00	15,000	250,158

FIELD OF MEMBERSHIP: persons who live, work, worship, or attend school and businesses and other legal entities located in Galveston County, TX

491	5	MOBILOIL BEAUMONT, TX	Community	$138,174,940.00	59,000	385,090

FIELD OF MEMBERSHIP: persons who live, work, worship or attend school in, and businesses and other legal entities located within Hardin, Jefferson or Orange Counties, Texas

Underserved

Introduction

Credit Union Request

Huntsman Federal Credit Union (Huntsman FCU), Charter Number 07916, requests approval from NCUA to expand its current community field of membership. Huntsman FCU seeks to serve the following community field of membership:

> ***Persons who live, worship, work, attend school in, the community of Hardin, Jefferson, and Orange Counties, Texas and businesses and other legal entities located therein. The field of membership will also include the family members of these persons.***

Please note the ***approved*** community of Orange, Hardin, and Jefferson Counties covers 2,154 square miles and is located in the southeast corner of the State of Texas with a population of 385,090 (2000 Census).

The NCUA Board has previously approved Hardin, Jefferson, and Orange Counties, TX as a community on September 30, 2001 and May 31, 2002. Goodrich Employees Federal Credit Union, now Goodrich Community Federal Credit Union, Charter Number 07232, received approval for Hardin, Jefferson, and Orange Counties, TX as a community under the *September, 2001 Regional Director's Actions Taken Under Delegation of Authority.* The above credit union converted to a community charter to serve "persons who live, work, worship, or attend school in, [as well as] businesses and other legal entities in Hardin, Jefferson, and Orange Counties, Texas." MOBILOIL Federal Credit Union, Charter Number 00491, received approval for Hardin, Jefferson, and Orange Counties, TX as a community under the *May, 2002 Regional Director's Actions Taken Under Delegation of Authority.*

Therefore, the NCUA has acknowledged that Hardin, Jefferson, and Orange Counties, Texas is a well-defined local community and the community's residents have common interest or interaction.

(Copies of the NCUA Delegations of Authority and Summary of Actions Taken by the NCUA Board are available at the end of this section.)

In addition, the credit union requests approval to add the following underserved community:

> ***Persons who live, worship, work, attend school in, the underserved community of Eastern Chambers County (which consists of contiguous Census tracts 710300, 710400, and 710500 with a 2000 Census total population of 12,834) and businesses and other legal entities located therein. The field of membership will also include the family members of these persons.***

The underserved community of *Eastern Chambers County* includes the city of Winnie, TX and its boundaries are as follows:

The northern, eastern, and southern boundaries are the county line of Chambers County. The upper portion of the western boundary follows the Trinity River south as it enters Galveston Bay and Galveston Bay forms the remaining western boundary until it intersects with the southern county line boundary.

(Maps and Census data on the underserved community are available for review at the end of this section.)

(Sources: NCUA Delegation of Authority report, September, 2001, page171, <http://www.ncua.gov/ref/delegated/del0901.pdf>; NCUA Delegation of Authority report, May, 2002, page21, <http://www.ncua.gov/ref/delegated/de10502.pdf>; CDFI Investment Zone Worksheet and Map, <http://www.cdfifund.gov>; <http://ftp2.census.gov/geo/maps/blk2000/st48_Texas/County/48071_Chambers/CBC48071_003.pdf>)

Credit Union Correspondence

All correspondence related to this application should be directed to:

Jason Landry, CEO
Huntsman Federal Credit Union
776 Magnolia
Port Neches, TX 77651
(409) 722-1174

Credit Union Profile

Huntsman FCU is a full-service financial institution with a competitive package of member services. The credit union was organized and federally chartered in 1952. The mission of Huntsman FCU is to provide quality, cost-effective financial products and services to its members. Growth is considered a key to the

credit union's success, but only if it comes from improved and expanded services to its members and potential members.

The credit union currently serves the following community field of membership:

> ***Persons who live, worship, work, attend school in, the community of Groves, Nederland, and Port Neches, Texas and businesses and other legal entities located therein. The field of membership will also include the family members of these persons.***

The credit union advised its most current total membership is 8,038. Its current assets are almost $60 million.

(A copy of the credit union's charter and by-laws, with information on the credit union's current field of membership, is located at the end of this section.)

The following table provides a profile of Huntsman FCU:

Table 1-1. Current Profile of Huntsman FCU

Description	Data
Asset Size	$59,873,464
Location	Port Neches, TX
Membership Potential	48,000
Actual Members	8,038

(Sources: <http://www.ncua.gov/ 12/02>)

Huntsman FCU converted to a community charter in October 2000 to serve the cities of Groves, Nederland, and Port Neches, in Jefferson County, Texas. Current market penetration is 17% with 8,038 actual members and 48,000 potential members. Prior to its community charter conversion Huntsman FCU's penetration rate was over 50%. The credit union has experienced consistent financial growth and has managed its finances toward the benefit of all members. Membership increased by 475 members from December 2000 to December 2001 and the credit union added 459 members by December 2002. Huntsman FCU is a healthy organization and is well positioned to serve the residents of the approved Hardin, Jefferson, and Orange Counties community. It is able to offer the community residents a banking alternative with full-service options, low loan rates and high-yield savings rates.

(Source: <http://www.ncua.gov/>)

Reasons for Pursuing a Community Charter

Several factors have influenced Huntsman FCU's decision to expand its current community field of membership.

Financial Need of Huntsman FCU

Limited Potential Membership

Huntsman FCU is requesting this change in an effort to diversify its membership and ensure its continued viability as a financial service organization.

Expansion of its field of membership will open up opportunities to recruit new members from a larger geographical and population base. Huntsman FCU's current community field of membership, which consists of the cities of Groves, Nederland, and Port Neches, Texas, has a population of 46,756 (2000 U.S. Census). There are already several credit unions in the area with much larger community fields of membership. Several credit unions serve all of Jefferson County, Texas, which has a population of 249,640 people. This field of membership is five times the size of Huntsman FCU's current community charter. There are two federal credit unions serving the Hardin, Jefferson, and Orange Counties community. They are Goodrich Community FCU and MOBILOIL FCU. Two state-chartered credit unions serve this community as well, MCT CU and Gulf Employees CU.

Huntsman FCU's leadership has determined that diversification is desirable in order for Huntsman FCU to remain competitive and financially sound. Opening up the credit union's membership to serve a larger community will ensure the future stability and economic well being of the credit union. Residents would benefit from the additional financial options made available to them through access to Huntsman FCU's low-cost products and services.

Need for a Community Expansion

Huntsman FCU's objective and purpose has always been to serve the community by providing low-cost financial services. It is the credit union's responsibility and desire to satisfy its current and potential members by reaching out and giving back to the community.

Community Involvement

As a community-based financial institution, Huntsman FCU would be poised to participate in community programs and organizations. The credit union already participates in and/or sponsors numerous community activities and contributes to charitable organizations.

With an expanded community field of membership, Huntsman FCU could continue to enhance its services to the organizations and charities operating in the community. It would provide area residents the option of choosing a financial institution under local ownership and control that is involved in the community.

Conclusion

Huntsman FCU has been well established in the community for over 50 years. The credit union's history in the community has provided it with a solid understanding of the community's financial needs. Expanding its community-based charter will enable Huntsman FCU to:

- Assure the credit union's future stability and viability;
- Provide for membership growth necessary to continue and expand the level of service to existing and future members; and
- Provide competitive high-quality, low-cost financial products and services to community residents.

Huntsman FCU's Board of Directors and management submit this document in accordance with the NCUA's publication, *Chartering and Field of Membership Manual, Interpretive Ruling and Policy Statement 99-1, as amended by IRPS 00-1 and IRPS 02-2.*

The Board of Directors and management team of Huntsman FCU possess the desire and commitment to successfully serve the financial needs of the residents of the Hardin, Jefferson, and Orange Counties community and their families as well as the Eastern Chambers County underserved community. Huntsman FCU's expansion of its community charter would benefit the credit union by providing a larger and more diverse potential membership. Residents of the approved community of Hardin, Jefferson, and Orange Counties and the Eastern Chambers County underserved community would benefit from the diverse selection of financial products and services that the credit union has to offer.

Supporting Documentation

The following supporting documentation about the credit union and the community is enclosed:

- The credit union's by-laws.
- Map of the approved community.
- Map of the underserved community.
- 2000 US Census information about the Hardin, Jefferson, and Orange Counties community.
- 2000 US Census information about the underserved community.

TAB 5

BUSINESS PLAN

Plans to Serve the Community

Huntsman Federal Credit Union is well positioned to provide service to the entire Hardin, Jefferson, and Orange Counties community and the Eastern Chambers County underserved community. The credit union offers a full range of financial products and services, and provides electronic delivery service options to make financial transactions as accessible and convenient as possible. This section provides a brief sketch of Huntsman FCU's location, products and services and details about its senior management positions and the individuals holding those that will allow Huntsman FCU to serve the community.

(Comprehensive information on the credit union's products and services, as well as biographical information on the credit union management and board of directors, can be found at the end of this section.)

Mission Statement

Huntsman FCU has the following mission statement:

> *"To strive for improvement in the quality of living for our membership by making available competitive interest rates and fair lending policies. To keep our credit union stable and financially sound by offering the most cost effective services to meet the needs of our expanding membership. To adapt to the changing economic and social conditions, never losing sight of our roots and needs for our members."*

Vision Statement

Huntsman FCU has the following vision statement:

> *"The shared vision of Huntsman Federal Credit Union is to enhance the financial well being of our members and to provide outstanding service. As a team we will be the members first choice for financial service."*

Physical Facility

Huntsman FCU currently maintains one office location at 776 Magnolia Street, Port Neches, Texas. This office is located 12 miles south of Beaumont off U.S. Highway 69. Beaumont is the county seat of Jefferson County and the intersection for Interstate 10 and U.S. Highway 69. The credit union is affiliated with the **Select ATM Network**, which has nine locations in the Hardin, Jefferson, and Orange Counties community. Huntsman FCU's members can go to any ATM in this network at no charge. The following table lists each Select ATM location in the approved community.

Table 3-1. Select ATMs in the Community

Name of Credit Union	Address	County
Beaumont Area Educators FCU	7025 Eastex Freeway Beaumont, TX 77706	Jefferson
Beaumont Area Educators FCU	6885 Eastex Freeway Beaumont, TX 77706	Jefferson
Beaumont Area Educators FCU	4695 Rolfe Christopher Beaumont, TX 77705	Jefferson
Goodrich Community FCU	1430 North Main Street Vidor, TX 77662	Orange
Huntsman FCU	776 Magnolia Street Port Neches, TX 77651	Jefferson
MCT CU	Hwy 365 & 27th Street Nederland, TX 77627	Jefferson
MCT CU	4837 Highway 87 Orange, TX 77630	Orange
MCT CU	2702 Nall Port Neches, TX 77651	Jefferson
MCT CU	3050 39th Street Port Arthur, TX 77640	Jefferson

(Source: Select ATM Locator, <http://www.pulse-eft.com/tplstd.asp?page=.selectATMLocator>)

An additional ATM cooperative exists between Huntsman FCU and several other area credit unions for a service location on Highway 365 in Port Arthur. Therefore, members have access to ten ATM locations in the community with no surcharge.

(A map indicating the current office location and shared ATM locations can be found at the end of this section.)

Products and Services

Huntsman FCU's decision to expand its community charter is based upon the belief that it is the organization best qualified to meet the financial service needs of the community. With its full-service, centrally located facility and its wide range of products and services, Huntsman FCU is well equipped to serve the community market.

Many of its products and services are available to members at no charge or for a minimal fee. Following is a description of the credit union's products and services.

Financial Products and Services

Huntsman FCU offers products with varied features to meet the needs of its diverse membership. Offering products that appeal to different member types prepares Huntsman FCU to serve a community population in which there is a broad spectrum of financial service requirements.

Savings Accounts

Huntsman FCU offers a wide range of savings plans to meet the investment needs of its members. The following table provides a summary of the savings products offered by Huntsman FCU.

Table 3-2. Huntsman FCU Savings Products.

Product/Service	APR % Rate
Regular Savings Account	0.75%
MMFA	2.00%
IRA Accounts	3.25%
Certificates of Deposit-6 months	2.25%
Certificates of Deposit-12 months	2.30%
Certificates of Deposit-18 months	2.35%
Certificates of Deposit-30 months	2.40%

The Individual Retirement Accounts offer members tax-deferred earnings for retirement savings at current market rates and with no annual fees and no set terms. Share certificates offer a short-term savings alternative and require a $1,000 minimum deposit on terms from twelve to 30 months. A six-month term is also available but it requires a $2,500 minimum deposit. Christmas club accounts are also available to allow members to save for the holidays each year.

Share Draft Accounts

Huntsman FCU offers a share draft account to its members. A minimum of $25 is required to open the account and must be maintained in order to earn dividends. There is no minimum balance requirement and no service charge for this account. Regular savings accounts earn dividends, which are compounded and paid quarterly.

Checking Accounts

Huntsman FCU's checking account is competitively priced and easy to open. A minimum deposit of $50 is required to open the account, however, there is no minimum balance requirement and no monthly service charge on this account. In addition, a minimum balance of $500 earns dividends that are compounded monthly.

QwickCash ATM Card

The credit union's QwikCash card gives members the convenience of making withdrawals at over 41,000 ATMs in 37 states. Twenty-four hours a day, seven days a week, Pulse and eight other networks provide members with instant access to cash. There is no monthly service charge and members receive a detail of transactions on their monthly statement. A small fee to cover the cost of each network transaction will be charged to the member's account. However, members have 10 ATM locations to choose from with no surcharge.

Visa Check Card

The Visa Check Card gives members the convenience of a credit card but with access to their checking account. It works like a check, only faster. Members can use the Visa Check Card wherever the Visa logo is displayed. When using the card at a place of business: retail, restaurant, pay at the pump stations, etc., the merchant handles the sale like any other MasterCard or Visa transaction. The member simply signs the sales slip - no additional identification is needed - no check approval to wait on and the amount is deducted from the member's checking account in approximately two days. Members receive a complete record of monthly expenses on their checking account statement. In addition to using your Visa Check Card to make purchases, members can obtain cash from ATM machines, grocery stores, and financial institutions around town or around the world.

Direct Deposit/Payroll Deduction

Huntsman FCU offers automatic direct deposit of all or a portion of paychecks or government checks to a checking or savings account at no charge. Funds become

available the same day the deposit is made, and can be accessed via check, or QwikCash ATM Card. Payroll Deduction allows members to conveniently deduct requested amounts from their paycheck for deposit into a savings account, checking account, or to make a loan payment to the credit union.

Loan Products

Huntsman FCU's loan products are competitively priced and may be acquired for a variety of purposes. Loans may be obtained at the credit union's main office, through the mail, or by accessing the website, <*www.huntsmanfcu.org*>. The different types of loans offered are:

- Unsecured Signature (Personal);
- Unsecured Signature Line-of-Credit;
- New and Used Vehicle Loans;
- New and Used Travel Trailer Loans;
- Boat/Motor/Trailer Loans;
- Motorcycle Loans;
- ATV Loans;
- Furniture Loans;
- Computer Loans;
- Appliance/Tractor Loans;
- Home Improvement Loans'
- Share Secured Loans;
- Second Mortgages;
- Interim Home Loans; and
- Unimproved Property/Home Equity Loans.

VISA and MasterCard

Huntsman FCU's MasterCard, VISA, and Gold cards feature low interest rates and no annual fees. All credit cards offer an interest-free grace period (except on cash advances). The MasterCard and VISA card have a low APR of 9.9%, and, once approved a member can save more money by transferring existing credit card balances at other institutions, to this low rate credit card. MasterCard and VISA

Gold cards are also available (to members who qualify) with an APR of 8.9% and a larger credit line.

Huntsman FCU provides several convenient MasterCard & Visa payment methods to suit any lifestyle. Auto-pay automatically debits a member's checking or savings account on the day the payment is due. Members may choose between three payment plans: Minimum payment (as shown on statement), payment in full (as shown on statement), or a designated amount, which will replace the "minimum payment" normally billed to the account and must be equal to or greater than 3% of the credit line. Fax-Pay is a convenient way for members to have their monthly credit card payment faxed from the credit union to their MasterCard or Visa account. The transaction appears on the statement within 24 hours of payment. Payments made after 2:00 p.m. will post the next business day.

Other Convenient Services

Other services available to members include:

- Cashiers Checks;
- NADA Values;
- Postal Stamp Sales;
- E-filing via packet and the web;
- Driver's Advantage Lease Program;
- Jefferson County license tag renewal;
- Money Orders;
- Travelers Checks;
- Member Internet access in lobby;
- Hunting/Fishing License sales to members;
- U.S. Savings Bonds;
- Safe Deposit Boxes;
- Discounted Theme Park Tickets;
- Wiring Services;

- Quarterly Newsletter;
- Amusement Park Discounts;
- Automatic Loan Payment Transfer;
- Credit Disability Insurance;
- Credit Life Insurance; and
- Overdraft Protection.

Electronic Service Delivery Options

With the use of electronic services increasing in the nation as a whole, electronic delivery services are an important aspect of Huntsman Federal Credit Union's ability to serve the community.

Internet Access

Huntsman FCU members may access information regarding products and services offered or request services through the credit union's Internet homepage <*http://www.huntsmanfcu.org*>. **Access 24 Online** allows members to get account information via a secured line to check account balances, inquire about account history, transfer funds between accounts, search cleared checks, order new checks and get cleared check listings to balance accounts. This free, secured Internet service is available to members 24/7.

Access 24 Telephone Teller

Members can access their account information 24/7 through the **Access 24 Automated Telephone Teller**. In order to use this convenient service members must have the account number, a PIN number and a touch-tone phone. With Access 24 members can make balance inquiries on checking, savings, or loan accounts; determine what checks have cleared their account; transfer funds between current credit union accounts; transfer funds to make loan payments; inquire about interest earned and dividends paid; obtain deposit amount information; and make withdrawals from their account.

Huntsman FCU is positioned to meet the needs of the Hardin, Jefferson, and Orange Counties community and the underserved community of Eastern Chambers County. The electronic services offered by the credit union provide an alternative to branch office visits for the growing number of members who do not

have time or do not wish to visit a branch office. Following is a brief description of additional electronic services:

- Direct Deposit;
- Automatic Loan Payment Transfer;
- Visa Check Card;
- QwikCash ATM card; and
- Payroll Deduction.

Community Service

Huntsman FCU is well established in the community through the various community efforts it participates in. The credit union sponsors approximately 20 organizations each year in the form of donations, giveaways, fundraisers, and volunteer time. The following is a list of organizations the credit union sponsors on a regular basis.

- Port Neches Little League-sponsorship of team uniforms or a sign at the field;
- Nederland Babe Ruth League-sponsorship for a sign at the field
- Port Neches Girls Softball League-sponsorship for a sign at the field
- Lady Dogs Softball-a 4x8 sign at the high school softball field
- Oil City Drillers Baseball Team-sponsorship for trip to select tournament
- Special Olympics-sponsorship of even in the local area
- Dawn Fitzgerald's Dance Academy Program-sponsor ad in dance recital program
- Nederland Baseball-sponsor ad on posters
- Nederland Football-sponsor ad on posters
- Port Neches Baseball-sponsor ad on posters
- Port Neches Football-sponsor ad on posters

- June Badon Dance Program-sponsor ad in dance recital program
- Nederland Heritage Festival-sponsor the parade and entire festival
- Port Neches Riverfest-sponsor events and festival
- St. Elizabeth Catholic Church Bulletin-yearlong sponsorship

In addition, the credit union supports the following local organizations through continuous donations:

- Port Neches Riverfest Car Show
- TREPAC Auction (for area realtors)
- Port Neches Public Library Summer Reading Program
- Port Neches ISD's Operation Graduation
- Nederland ISD's Operation Graduation
- Credit Unions for Kids (benefiting the Children's Miracle Network)

Huntsman FCU has donated over $6,500 to the communities of Nederland, Port Neches, and Groves over the past several years. Each year the staff constructs a float for the annual Christmas parades in Nederland, Port Neches, and Groves. The credit union also participates in the annual Red Ribbon Week parade, which encourages students to say no to drugs. In addition, the staff also contributes to local festivals and parades by volunteering their individual time and talents.

Future Expenditures, Branch Facilities, and ATMs

Huntsman FCU is committed to providing services that would attract new members from the Hardin, Jefferson, and Orange Counties community and the Eastern Chambers County underserved community. In the near future, Huntsman

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Services to Low-Income and Underserved Members

Huntsman FCU is committed to serving low-income members and underserved members of the community. The credit union offers a variety of programs that would appeal to low-income residents and underserved residents. The credit union currently has an audio response system, *Access 24 Telephone Teller*, to give members convenient access to their accounts via telephone. This will bring service to a greater number of members, including those with limited economic means who may not have access to a computer. Other Huntsman FCU programs targeted to low-income groups include:

- Low-cost checking and savings accounts;
- Surcharge free ATMs;
- Performance Plus Club special accounts and savings clubs for senior citizens;
- Planet M Kids Club savings account for children aged 0-12 years;
- BOOM Teen Club for youth aged 13-18 years offers savings and checking accounts so teens can learn to handle financial matters;
- Wiring Services;
- Line of Credit Loans;
- Auto Loans; and
- Money Orders.

The community expansion would allow the Huntsman FCU to provide quality service with attractive rates to the low-income and underserved residents of the Hardin, Jefferson, and Orange Counties community as well as the Eastern

Chambers County underserved community. Huntsman FCU is committed to adding or improving products and services as necessary to serve this market.

Map of Existing Branch and ATM Locations

The following map provides information on Huntsman FCU's existing branch location as well as ATM locations in the Select ATM Network.

- Map of branch location and Select ATM Network locations.

Business Plan

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Table 4-1. Projected Total Shares, Loans and Members Growth

(b)(4)

Year One

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Table 4-8. Projected Balance Sheet Items - Years One, Two and Three

	Actual 12/31/2002
ASSETS	
Total Loans	46,822,600
Allowance for Loan Loss	(185,217)
Cash	2,059,067
Investments	8,784,911
Fixed Assets	1,788,974
Other Assets	603,129
Total Assets	***$59,873,464***
LIABILITIES	227,728
Total Liabilities	***$227,728***
EQUITY	
Total Shares and Deposits	52,853,324
Reserves	6,792,412
Total Liabilities and Equity	***$59,873,464***
KEY FINANCIAL RATIOS	**Actual 12/31/2002**
Net Worth/Total Assets	11.34%
Loans/Shares	88.59%
Oper. Expense/Avg. Assets	--
Return on Avg. Assets	--

(b)(8)

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Financial and Income Statement

Marketing Plan

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TAB 6

FINANCIAL DATA

HUNTSMAN FEDERAL CU...REPORT OF OPERATIONS...CHARTER NO. 7916
As of: 31JAN03 Run: 07FEB03 8:53 AM

Balance

B A L A N C E S H E E T

HUNTSMAN FEDERAL
CREDIT UNION
AS OF:31JAN03

ASSETS	
LOANS	39,737,705.66
REAL ESTATE LOANS	5,048,568.02
INTERIUM LOANS	359,089.50
FORT WORTH MORTGAGE LOANS	29,227.02
LOANS(MASTERCARD)	2,131,314.53
LOANS IN PROCESS OF LIQUIDATION	0.00
ALLOWANCE FOR LOAN LOSSES	(161,590.50)
TOTAL	47,144,314.23
CASH	348,129.29
TOWN NORTH NATIONAL BANK	3,321.96
TNNB-RESERVE FUNDS	47,000.00
CHANGE FUND	144,417.74
SOUTHWEST CORPORATE	1,835,601.76
PARTIAL MEMBERSHIP S.W.C.	561,885.82
CREDIT UNION INVESTMENTS	7,728,025.00
LOANS TO OTHER CREDIT UNIONS	0.00
PREPAID EXPENSES	0.00
DEFERRED EXPENSE	34,546.26
LAND	336,195.16
FURNITURE AND EQUIPMENT	699,121.84
ALLOWANCE FOR DEPRECIATION FURN/EQUIP	(538,718.85)
NEW BUILDING	783,442.50
ALLOWANCE FOR DEPRECIATION-NEW BUILDING	(152,866.97)
BUILDING RENOVATION	677,020.02
ALLOWANCE FOR DEPRECIATION-BLDG RENOVATION	(21,746.77)
ACCRUED INCOME	183,608.24
DEPOSIT NCUIF	374,576.76
OTHER ASSETS	5,748.45
TOTAL ASSETS	60,193,622.44

LIABILITIES	
ACCOUNTS PAYABLE	85,351.43
PROMISSARY NOTES PAYABLE	0.00
DIVIDENDS PAYABLE (QTR)	24,554.00
DIVIDENDS PAYABLE (MON)	68,770.95
FED WITHHOLDING TAX	(160.00)
MEMBERS FED WITHHOLDING TAX	0.00
SOCIAL SECURITY TAX	0.00
ACCRUED SALARIES	0.00
UNAPPLIED MONETARY EXCEPTIONS	(15,999.11)
TOTAL LIABILITIES	162,517.27

EQUITY	
SHARES	43,236,726.22
OTHER SHARES	759,923.95
CERTIFICATE OF DEPOSITS	16,870,465.35
IRA DEPOSITS	5,912,438.33
SHARE DRAFTS, KNFA, NOW	16,381,086.65
REGULAR RESERVE	1,666,016.15
RESERVE FOR INVESTMENT LOSS	0.00
RESERVE FOR CONTINGENCIES	38,164.57
UNDIVIDED EARNINGS	5,093,230.62
NET INCOME	78,053.33
TOTAL EQUITY	60,031,105.17
TOTAL LIABILITIES AND EQUITY	60,193,622.44

We certify to the best of our knowledge and belief this statement is true, correct and present fairly the financial position and the results of operation for the period covered.

President

Treasurer

HUNTSMAN FEDERAL CU...REPORT OF OPERATIONS...CHARTER NO. 7916
As of: 31JAN03 Run: 07FEB03 8:53 AM

I N C O M E S T A T E M E N T

HUNTSMAN FEDERAL
CREDIT UNION

AS OF:31JAN03

	YTD Actual	% Of Total Inc/Exp	This Month Actual	% Of Total Inc/Exp
INCOME				
INTEREST ON LOANS	283,418.04	77.44 %	283,418.04	77.44 %
INTEREST REFUND	0.00	0.00 %	0.00	0.00 %
INCOME ON INVESTMENTS	24,402.10	6.67 %	24,402.10	6.67 %
INCOME ON MORTGAGE	1,836.50	0.50 %	1,836.50	0.50 %
MORTGAGE FEES	0.00	0.00 %	0.00	0.00 %
FEES AND CHARGES	29,256.32	7.99 %	29,256.32	7.99 %
MISCELLANEOUS INCOME	11,658.77	3.19 %	11,658.77	3.19 %
MASTERCARD INCOME	15,423.93	4.21 %	15,423.93	4.21 %
TOTAL INCOME	365,995.66	100.00 %	365,995.66	100.00 %
EXPENSE				
COMPENSATION	73,938.06	20.20 %	73,938.06	20.20 %
EMPLOYEE BENEFITS	15,417.87	4.21 %	15,417.87	4.21 %
TRAVEL AND CONFERENCE EXPPENSE	9,131.00	2.49 %	9,131.00	2.49 %
ASSOCIATION DUES	1,336.47	0.37 %	1,336.47	0.37 %
OFFICE OCCUPANCY EXPENSES	6,607.97	1.81 %	6,607.97	1.81 %
OFFICE OPERATIONS EXPENSE	25,276.99	6.91 %	25,276.99	6.91 %
EDUCATION AND PROMOTIONAL EXPENSE	4,595.82	1.26 %	4,595.82	1.26 %
LOAN SERVICING EXPENSES	3,329.26	0.91 %	3,329.26	0.91 %
PROFESSIONAL AND OUTSIDE SERVICES	20,527.88	5.61 %	20,527.88	5.61 %
PROVISION FOR LOAN LOSSES	18,750.00	5.12 %	18,750.00	5.12 %
MEMBERS INSURANCE	0.00	0.00 %	0.00	0.00 %
FED SUPV/EXAM EXPENSES	0.00	0.00 %	0.00	0.00 %
CASH SHORT AND OVER	577.90	0.16 %	577.90	0.16 %
INTEREST ON BORROWED MONEY	0.00	0.00 %	0.00	0.00 %
ANNUAL MEETING EXPENSE	3,522.08	0.96 %	3,522.08	0.96 %
MISCELLANEOUS OPERATING EXPENSE	7,220.96	1.97 %	7,220.96	1.97 %
TOTAL EXPENSE	190,232.26	51.98 %	190,232.26	51.98 %
GAIN/LOSS ON INVESTMENTS	0.00	0.00 %	0.00	0.00 %
GAIN/LOSS ON DISPOSITION OF ASSETS	0.00	0.00 %	0.00	0.00 %
DIVIDENDS	97,710.07	26.70 %	97,710.07	26.70 %
NET EARNINGS	78,053.33	21.33 %	78,053.33	21.33 %

Quarterly Financial Performance Report - December 2002

Credit Union Name: **HUNTSMAN** Federal Charter/Certificate Number: **07916**

Line Item	December 1998		December 1999		December 2000		December 2001		December 2002	
	Amount	% Chg	Amount	% Chg	Amount	% Chg	Amount	% Chg	Amount	% Chg
ASSETS:										
Cash & Equivalents	266,377	119.5	2,097,373	687.4	2,802,193	33.6	2,440,435	-12.9	2,059,068	-15.6
Trading Securities	0		0		0		0		0	
Available for Sale Securities	0		0		0		0		0	
Held-to-Maturity Securities	0		0		0		0		0	
All Other Invest	7,730,585	31.3	5,297,581	-31.5	3,477,448	-34.4	7,774,804	123.6	8,784,911	13.0
Loans Held for Sale	N/A		N/A		N/A		N/A		0	
Real Estate Loans	3,716,186	120.3	4,927,319	32.6	6,489,532	31.7	7,653,515	17.9	9,597,581	25.4
Unsecured Loans	3,682,489	-2.1	4,188,097	13.7	4,812,810	14.9	5,889,817	22.4	5,782,804	-1.8
Other Loans [1]	21,168,462	4.5	23,366,688	10.4	26,856,215	14.9	30,117,959	12.1	31,442,215	4.4
All Other Loans [2]	0		0		0		0		N/A	
TOTAL LOANS	**28,567,137**	11.1	**32,482,104**	13.7	**38,158,557**	17.5	**43,661,291**	14.4	**46,822,600**	7.2
(Allow. Ln & Lease Losses)	(102,769)	19.1	(136,284)	32.6	(164,989)	21.1	(180,819)	9.6	(185,218)	2.4
Land & Building	1,041,303	19.0	1,027,162	-1.4	1,009,208	-1.7	1,593,768	57.9	1,625,247	2.0
Other Fixed Assets	116,589	-47.4	101,975	-12.5	117,826	15.5	204,095	73.2	163,727	-19.8
NCUSIF Deposit	277,798	7.1	322,573	16.1	347,398	7.7	442,571	27.4	374,577	-15.4
All Other Assets	173,993	13.8	200,567	15.3	222,887	11.1	252,437	13.3	228,552	-9.5
TOTAL ASSETS	**38,071,013**	14.9	**41,393,051**	8.7	**45,970,528**	11.1	**56,188,582**	22.2	**59,873,464**	6.6
LIABILITIES & CAPITAL:										
Dividends Payable	169,924	11.2	179,818	5.8	213,530	18.7	206,883	-3.1	165,153	-20.2
Notes & Int. Payable	0		0		0		0		0	
Accts. Pay & Other Liab.	286,087	9.6	260,095	-9.1	299,730	15.2	253,754	-15.3	62,575	-75.3
Uncmtd Sec. Capital	0		0		0		0		0	
TOTAL LIABILITIES	**456,011**	10.2	**439,913**	-3.5	**513,260**	16.7	**460,637**	-10.3	**227,728**	-50.6
Share Drafts	4,275,122	23.4	4,406,936	3.1	4,992,429	13.3	5,636,113	12.9	5,913,546	4.9
Regular Shares	8,622,548	2.7	9,211,753	6.8	9,076,045	-1.5	10,595,983	16.7	13,399,587	26.5
All Other Shares & Deposits	20,791,728	19.4	22,829,832	9.8	26,318,107	15.3	33,672,291	27.9	33,540,191	-0.4
Total Shares & Deposits	**33,689,398**	15.1	**36,448,521**	8.2	**40,386,581**	10.8	**49,904,387**	23.6	**52,853,324**	5.9
Regular Reserve	1,218,028	13.6	1,379,506	13.3	1,559,781	13.1	1,666,016	6.8	1,666,016	0.0
Other Reserves	33,165	0.0	33,165	0.0	33,165	0.0	33,165	0.0	33,165	0.0
Undivided Earnings	2,674,411	13.9	3,091,946	15.6	3,477,741	12.5	4,124,377	18.6	5,093,231	23.5
TOTAL EQUITY	**3,925,604**	13.6	**4,504,617**	14.7	**5,070,687**	12.6	**5,823,558**	14.8	**6,792,412**	16.6
TOTAL LIAB. & EQUITY	**38,071,013**	14.9	**41,393,051**	8.7	**45,970,528**	11.1	**56,188,582**	22.2	**59,873,464**	6.6
INCOME & EXPENSE:										
Loan Income	2,381,806	10.0	2,437,778	2.3	2,840,627	16.5	3,359,379	18.3	3,362,873	0.1
Investment Income	338,663	-4.4	336,688	-0.6	315,077	-6.4	437,750	38.9	353,846	-19.2
Other Income	186,723	12.1	455,097	143.7	449,787	-1.2	573,075	27.4	644,007	12.4
Salaries & Benefits	509,895	15.1	583,457	14.4	642,352	10.1	743,931	15.8	822,158	10.5
Total Other Oper. Exp.	561,029	-0.5	567,975	1.2	670,508	18.1	752,474	12.2	911,257	21.1
Non-Oper. Income (Exp.)	0		42,669		0	-100.0	0		0	
Prov. Loan/Lease Losses	112,847	40.5	100,000	-11.4	100,000	0.0	123,532	23.5	212,161	71.7
Cost of Funds	1,244,461	7.5	1,441,786	15.9	1,626,560	12.8	1,997,398	22.8	1,446,294	-27.6
Net Income	478,960	8.5	579,014	20.9	566,071	-2.2	752,869	33.0	968,856	28.7

December 2002 NCUA - FPR FINANCIAL HISTORY

[1] Previously *Other Loans to Members* prior to 2002. [2] *All Other Loans* emiminated in 2002.

FPR Ratios - December 2002

Credit Union Name: **HUNTSMAN** Federal Charter/Certificate Number: **07916**

Line Item	Dec 98	Dec 99	Dec 00	Dec 01	Dec 02	PEER Avg.	Peer +/-
C al Adequacy:							
rth/Total Assets**	10.31	10.88	11.03	10.36	11.29	11.10	0.19
Total Delinquent Loans/Net Worth**	2.02	3.61	4.30	7.91	5.90	5.29	0.61
Solvency Evaluation (Estimated)	111.65	112.36	112.56	111.67	112.85	112.85	-0.00
Classified Assets (Estimated)/Net Worth**	2.62	3.03	3.25	3.10	2.74	4.48	-1.74
Asset Quality:							
*Delinquent Loans/Total Loans	0.28	0.50	0.57	1.06	0.85	0.93	-0.08
*Net Charge-Offs/Average Loans	0.36	0.22	0.20	0.26	0.46	0.48	-0.03
Fair (Market) Value/Book Value (HTM Invest)	0.00	0.00	0.00	0.00	0.00	101.58	-101.58
Accum Unreal G/L on AFS/Cost of AFS	0.00	0.00	0.00	0.00	0.00	0.45	-0.45
Delinquent Loans/Assets	0.21	0.39	0.47	0.82	0.67	0.55	0.11
Earnings:							
*Return On Average Assets	1.35	1.46	1.30	1.47	1.67	0.87	0.80
Gross Income/Average Assets	8.16	8.13	8.25	8.56	7.51	6.92	0.60
Yield on Average Loans	8.78	7.99	8.04	8.21	7.43	7.86	-0.43
Yield on Average Investments	4.78	5.06	5.62	5.58	3.47	3.32	0.15
Cost of Funds/Average Assets	3.49	3.63	3.72	3.91	2.49	2.17	0.32
Net Margin/Average Assets	4.67	4.50	4.53	4.65	5.02	4.75	0.27
Operating Expenses/Average Assets	3.01	2.90	3.01	2.93	2.99	3.61	-0.63
Provision for Loan & Lease Losses/Average Assets	0.32	0.25	0.23	0.24	0.37	0.29	0.07
Net Interest Margin/Average Assets	4.15	3.35	3.50	3.52	3.91	3.79	0.12
Operating Expenses/Gross Income	36.84	35.65	36.41	34.24	39.75	52.32	-12.57
Fixed Assets & OREOS/Total Assets	3.04	2.73	2.45	3.20	2.99	2.23	0.76
rating Expenses/Average Assets	2.60	2.50	2.57	2.46	2.51	2.92	-0.41
Liability Management:							
Net Long-Term Assets/Total Assets	13.25	15.40	17.07	17.61	19.63	20.39	-0.76
Regular Shares/Total Shares & Borrowings	25.59	25.27	22.47	21.23	25.35	42.02	-16.67
Total Loans/Total Shares	84.80	89.12	94.48	87.49	88.59	67.28	21.31
Total Loans/Total Assets	75.04	78.47	83.01	77.70	78.20	59.21	19.00
Cash + Short-Term Investments/Assets	10.71	14.39	12.98	17.57	16.13	22.07	-5.95
Total Shares, Deposits and Borrowings/Earning Assets	92.11	96.48	91.63	93.38	92.04	92.92	-0.88
Reg Shares + Share Drafts/Total Shares & Borrs	38.28	37.36	34.83	32.53	36.54	53.85	-17.31
Borrowings/Total Shares and Net Worth**	0.00	0.00	0.00	0.00	0.00	0.27	-0.27
Productivity:							
Members/Potential Members	83	88	47	51	17	44	-27
Borrowers/Members	83	85	87	83	85	47	37
Members/Full-Time Employees	402	390	395	446	402	434	-32
Average Shares per Member ($)	$5,403	$5,495	$5,685	$6,585	$6,575	$6,153	$423
Average Loan Balance ($)	$5,543	$5,757	$6,150	$6,939	$6,867	$8,429	$-1,562
Salary and Benefits/Full-Time Employees ($)	$32,896	$34,321	$35,686	$43,761	$41,108	$39,947	$1,161
Other Ratios:							
Net Worth Growth	13.64	14.75	12.57	14.85	16.07	8.99	7.07
Market (Share) Growth	15.08	8.19	10.80	23.57	5.91	10.26	-4.35
Loan Growth	11.11	13.70	17.48	14.42	7.24	5.31	1.93
Asset Growth	14.87	8.73	11.06	22.23	6.56	10.12	-3.56
Investment Growth	31.25	-31.47	11.66	65.32	8.38	17.57	-9.18

ber 2002

NCUA FPR FINANCIAL ANALYSIS

*O... The Four Key Camel Ratios

** Net Worth Estimated Prior to Dec-00. Calculated Using Quarter End Total Assets.

TAB 7

EXAMINATION REPORT
AND
FIELD RECOMMENDATION

Examination Overview

Credit Union Camel Ratings

We use the seven risk areas above to assign a CAMEL rating.

Total Composite Rating:	1
Individual ratings:	
Capital	1
Asset Quality	1
Management	1
Earnings	1
Asset Liability Management	1

Introduction:

Your financial performance continues to demonstrate maintenance of net worth through strong earnings. The following report expounds on your issues as well as recommendations for corrective actions.

How Your CAMEL Ratings Were Effected

Risk Area	Effect on CAMEL rating (using a low, moderate, and high scale)
Credit	**Low** You effectively control delinquency with strong collection efforts as well as charging off non-performing loans in a timely manner. However, you may want to review such efforts in conjunction with the establishment of your new allowance for loan loss methodology.
Interest Rate	**Moderate** Although you've established limitations within your loan portfolio for mortgage related loans, the rapid growth of this loan type warrants further analysis to ensure any changes in market rates don't adversely affect your financial position.
Liquidity	**Moderate** You must ensure rates offered on sensitive share products do not leave you susceptible to unsolicited share growth or significant share withdrawals during changes in market conditions.
Transaction	**Low** No concerns noted.
Compliance	**Moderate** Although your policies and procedures address compliance with the Office of Foreign Assets Control, you must ensure they incorporate regulatory compliance with the forthcoming Patriots' Act effective on October 26, 2002.
Strategic	**Low** No concerns noted.
Reputation	**Low** No concerns noted.

Examination Overview

Compliance Risk - Moderate

Issue One

Policies and procedures lack instructions for verifying persons opening an account and checking the name against the Control List (Patriots Act).

Discussion

All federally insured credit unions are required to review all records, on a one-time basis from January 1, 1996 to the present, to determine whether there are any records indicating transactions or relationships involving anyone on the Control List. NCUA Letter to Credit Unions No. 01-CU-18, dated October 2001 provided detail instructions for assistance in compliance.

Recommendations

You must develop, adopt and implement comprehensive procedures to ensure compliance with the forthcoming Patriot Act. The Patriot Act encompasses monitoring the Control List and will become effective October 26, 2002.

Interest Rate Risk - Moderate

Issue

Real estate lending has sustained consistent growth since year-end 2000. Currently, real estate loans comprise 18% of your loan portfolio. Therefore, interest rate risk has risen due to the inherent sensitivity to market changes by such long-term assets. This affected your Earnings, Asset Quality, and Management Components.

Discussion

Home equity loans have steadily grown since its implementation during the year 2000. Review of your underwriting did not disclose any concerns considering you follow standards established for the secondary market. Additionally, you've established avenues for selling any of these loans, if necessary.

Pricing, as with other lending products are consistent with market. Furthermore, you've established a maximum benchmark for real estate loans (20%) within your asset liability management policy. Yet, the mere establishment of a benchmark will not provide the necessary information for managing interest rate risk.

Recommendation

You should consider incorporating an analysis whereby fluctuations in market conditions by 300 basis points are tested for the effects of such fluctuations on the loan portfolio but more importantly net worth. This type of analysis will also provide the basis for adjusting your benchmark for real estate loans in the future.

Examination Overview

Liquidity Risk - Moderate

Issue

Concentration of member shares among the various share products is weighted more towards those considered more rate sensitive. Additionally, the rates offered on such products are slightly higher than market.

Discussion

Member shares are generally segmented and analyzed according to their sensitivity to rate changes. Regular shares and share draft accounts are typically considered the least susceptible to market changes and therefore core deposits. Since these accounts are often used to handle your members' financial transactions, the rates offered on these accounts normally do not induce significant fluctuations in their overall totals.

Based on the breakdown of your share products, core deposits (regular shares and share drafts) comprise 35.22% of total shares. While your ratio clearly indicates funds are deposited in more rate sensitive accounts, the share mix has remained stable over the past five years. Furthermore, the money market account, which is one of your higher yielding products, fails to entice deposits from the other share products as well as new deposits.

Recommendation

You may want to obtain and review Dr. Idol's monthly dividend guidelines. These recommendations would enable you gain perspective on market trends while comparing rates offered in the immediate area prior to declaring your dividends.

Closing Comments

Again, you have demonstrated sound business decisions to sustain a financially solid performance. Yet, it's imperative for you to implement corrective actions to prevent the aforementioned risks from increasing and endangering your financial stability.

Confidential Section

Joint Conference:	September 27, 2002	Exit Interview Date:	September 26, 2002
Attendance:	BD: Quorum	SC: 2	CC: N/A
Other Persons Attending Meeting:	Jason Landry, President		
Was expansion into underserved areas discussed? Why or why not?	No, credit union already has community charter.		

DOR Status – Not applicable.

Risk Report Review

Risk area: Federally Insured Credit Unions with a % Change in First Mortgage Loans > 50% and a $ Increase > $500,000: Home equity loans continue to experience growth. Management is monitoring amount of concentration within the loan portfolio. Policies state real estate loans should not comprise more than 20% of the portfolio. Underwriting standards are consistent for sale on the secondary market.

Reduced or Expanded Scope Procedures – RFE procedures used.

Reason for Exam Open > 45 Days (if applicable) – N/A

Reason for Exam or Supervision Contact Completed Outside of Goal Timeframes (If applicable) – N/A

FOM – Yes – Credit union management is knowledgeable and serves the membership well.

Other Issues

ALLL – I discussed the requirements of the new methodology. Additionally, a preliminary analysis of loans charged off during June, July and August 2002 were reviewed for trends and compliance with their current charge off policy. No exceptions were noted in the timing of charging off loans. In fact they are rather aggressive in collections as well as recognizing non-performing loans.

The allowance account appears approximately $30,000 overstated based on actual charge offs. Jason and the board will be working over the next few months to analyze charged off loans to develop a methodology suitable for their credit union.

Share Rates: Rates offered on the various savings products are higher than Dr. Idol's recommendations. However, these recommendations are reviewed in conjunction with local market conditions and affordability. In the Golden Triangle area, credit unions are very competitive not only with share rates but with loans as well. Nevertheless, the share rates offered do not hinder profitability. A return on average assets well above 1% has occurred over the past three years and will demonstrate such a return for 2002.

Key Ratios

Period Ending:	12/31/1999	12/31/2000	12/31/2001	06/30/2002	PEER RATIOS #REF!
CAPITAL ADEQUACY RATIOS					
1. Net Worth / Assets (4)	**10.88%**	**11.03%**	**10.36%**	**10.74%**	**#REF!**
2. Total Delinquent Loans / Net Worth (4)	3.61%	4.30%	7.91%	3.65%	#REF!
3. Solvency Evaluation (2)	112.36%	112.56%	111.67%	112.17%	#REF!
4. Classified Assets / Net Worth (2,4)	3.03%	3.25%	3.10%	3.03%	#REF!
ASSET QUALITY RATIOS					
5. Delinquent Loans / Loans	**0.50%**	**0.57%**	**1.06%**	**0.50%**	**#REF!**
6. Net Charge Offs / Average Loans (5)	**0.22%**	**0.20%**	**0.26%**	**0.34%**	**#REF!**
7. Fair Value / Amortized Cost (for investments held to maturity)	NA	NA	NA	NA	#REF!
8. Accumulated Unrealized Gains or Losses on Available for Sale Securities (+ debits - credits) / Amortized Cost of Investments Available for Sale	NA	NA	NA	NA	#REF!
9. Delinquent Loans / Assets	0.39%	0.47%	0.82%	0.39%	#REF!
EARNINGS RATIOS					
10. Return on Average Assets (1)	**1.46%**	**1.30%**	**1.47%**	**1.52%**	**#REF!**
11. Gross Income / Average Assets (1)	8.13%	8.25%	8.56%	7.55%	#REF!
12. Yield on Average Loans (1)	7.99%	8.04%	8.21%	7.42%	#REF!
13. Yield on Average Investments (1)	5.17%	4.84%	6.72%	5.96%	#REF!
14. Cost of Funds / Average Assets (1)	3.63%	3.72%	3.91%	2.70%	#REF!
15. Net Margin / Average Assets (1)	4.50%	4.53%	4.65%	4.85%	#REF!
16. Operating Expenses / Average Assets (1)	2.90%	3.01%	2.93%	2.95%	#REF!
17. Provision for Loan Losses / Average Assets (1)	0.25%	0.23%	0.24%	0.37%	#REF!
18. Net Interest Margin / Average Assets (1)	3.35%	3.50%	3.52%	3.79%	#REF!
19. Operating Expenses / Gross Income	35.65%	36.41%	34.24%	39.11%	#REF!
20. Fixed Assets + OREOs / Assets	2.73%	2.45%	3.20%	3.14%	#REF!
21. Net Operating Expenses / Average Assets (1)	2.50%	2.57%	2.46%	2.52%	#REF!
ASSET / LIABILITY MANAGEMENT RATIOS					
22. Net Long-Term Assets / Assets	15.40%	17.07%	17.61%	18.13%	#REF!
23. Regular Shares / Total Shares & Borrowing	25.27%	22.47%	21.23%	23.95%	#REF!
24. Total Loans / Total Shares	89.12%	94.48%	87.49%	88.95%	#REF!
25. Total Loans / Total Assets	78.47%	83.01%	77.70%	78.91%	#REF!
26. Cash + Short-Term Investments / Assets (3)	14.39%	12.98%	17.57%	12.42%	#REF!
27. Total Shares, Deposits, and Borrowings / Earning Assets	96.48%	91.63%	93.38%	92.90%	#REF!
28. Reg Shares + Share Drafts/Total Shares and Borrowings	37.36%	34.83%	32.53%	35.22%	#REF!
29. Borrowings/ Total Shares and Net Worth (4)	0.00%	0.00%	0.00%	0.00%	#REF!
30. Estimated Loan Maturity in Months (1)	21.8	26.2	24.0	24.0	#REF!
OTHER RATIOS					
31. Market (Share) Growth (1)	8.19%	10.80%	23.57%	5.98%	#REF!
32. Net Worth Growth (1)	14.75%	12.57%	14.85%	13.75%	#REF!
33. Loan Growth (1)	13.70%	17.48%	14.42%	9.41%	#REF!
34. Asset Growth (1)	8.73%	11.06%	22.23%	6.21%	#REF!
35. Investment Growth (1)	-31.47%	11.66%	65.32%	-3.51%	#REF!

(1) Exam date ratios are annualized. **(2)** Prior year ratios are based on estimates. **(3)** This ratio relies on the maturity distribution of investments reported per 5300 instructions. Thus, the maturity distribution could be based on the repricing interval and not the actual maturity of the investment. The exam date ratio is calculated consistent with prior years. **(4)** For all years prior to 2000, net worth includes donated equity, which is not a regulatory component of net worth. (5) Exam Date ratio: Net Charge Offs is YTD Net Losses plus (Average Monthly Net Losses from the prior year, multiplied by the number of months needed to equal a 12 month period). Example: If the exam date is 3/31/2001, the net charge off ratio for the exam date is: (YTD Net Losses) + (Average Monthly Net Losses for the year 2000, multiplied by 9). This is necessary to calculate 12 months worth of charge-offs with the available examination data.

Camel Evaluation

	CREDIT UNION RATIO	PARAMETER CODE	EXAMINER CODE	STATE CODE
CAPITAL ADEQUACY				
Net Worth / Assets	10.74%	1	N/A	N/A
Component Rating		1	1	
THE RISK BASED NET WORTH (RBNW) REQUIREMENT IS NOT APPLICABLE.				
ASSET QUALITY				
Delinquent Loans / Loans	0.50%	1	N/A	N/A
Net Charge Offs / Average Loans	0.34%	2	N/A	N/A
Component Rating		2	1	
MANAGEMENT				
Component Rating		XXX	1	
EARNINGS				
Return on Average Assets	1.52%	1	N/A	N/A
Component Rating		1	1	
'SET / LIABILITY MANAGEMENT				N/A
Component Rating		XXX	1	

COMPOSITE RATING

Capital-Asset Quality-Earnings Rating	1	1		
Initial Composite		1	Plus/ Minus	0
Final Composite		1		

Examiners are instructed to look behind the key ratios to determine the significance of supporting ratios and trends. Examiners should look at both quantitative and qualitative information before a final rating is assigned. Examiners have the discretion to increase or decrease any rating as they deem necessary.

COMMENTS

Examiner Contact Information

Credit Union Name: HUNTSMAN
Address: 776 MAGNOLIA
City, State, Zip: PORT NECHES, TX 77651
Telephone Number: (409) 722-1174
Contact Person: LANDRY, JASON
Contact Type: 10

Examiner Name: WALONDA HOLLINS
Employee Number: 1065

Charter/Ins#: 7916
Effective Date: 06/30/2002
Start Date: 09/16/2002
Est. Resolution Date:
Date Completed: 01/00/1900
Contact Time (Hours): 80
Date of Next Contact: 01/00/1900
Region: 5
SE/District: H / 8

	Key Ratios (%)		Dollars ($)
Net Worth:	10.74%	Assets:	$57,931,914
Earnings:	1.52%	Loans:	$45,716,364
Delinquent:	0.50%	Shares:	$51,397,446
PAS:	112.17%	Delinq.:	$227,241

	CAMEL					
	C	A	M	E	L	Composite
NCUA:	1	1	1	1	1	1
State:	-	-	-	-	-	-

PROBLEM AREAS

Problem Area	Date	Comment
Recordkeeping		
Liquidity		
Audit/Verification		
Delinquency		
Loan Quality		
Disclosure		
ALM		
Investments		
Management		
Special1		
Special2		
Special3		
Special4		
Compliance		
Capital		
L.U.A.		
FOM		

PROBLEM AREAS

Problem Area	Date	Comment
RO-Special1		
RO-Special2		
RO-Special3		
RO-Special4		
CO-Special1		
CO-Special2		
CO-Special3		
CO-Special4		

SUPERVISION PLANS:

EXAMINER COMMENTS:

Financial History

Period Ending:	12/31/1998	12/31/1999	12/31/2000	12/31/2001	06/30/2002
BALANCE SHEET DATA					
Total Assets	38,071,013	41,393,051	45,970,528	56,188,582	57,931,914
Average Assets		39,732,032	43,681,790	51,079,555	57,060,248
LOAN DATA					
Total Loans (Gross)	28,567,137	32,482,104	38,158,557	43,661,291	45,716,364
Average Loans		30,524,621	35,320,331	40,909,924	44,688,828
Allowance for Loan Losses	102,769	136,284	164,989	180,819	188,365
Delinquent Loans - Excess of 2 Months	79,165	162,494	218,026	460,922	227,241
Collection Problem Loans	102,769	136,284	164,989	180,819	188,365
Provision for Loan Loss Expense	112,847	100,000	100,000	123,532	106,814
Charge Off Loans (Net, Last 12 Months)	96,396	66,526	71,295	107,701	153,019
Total Real Estate Loans	3,716,186	4,927,319	6,489,532	7,653,515	8,218,760
Adj/Repricable Real Estate Loans (5 yrs)	354,848	255,009	116,307	0	13,070
Loans Granted During Period (Debits)	16,024,556	19,666,939	20,564,029	24,606,690	12,981,536
CASH/INVESTMENT DATA					
Cash on hand	266,377	2,097,373	364,266	435,732	290,896
Investments Greater Than 1 Year	3,921,166	1,436,581	310,448	344,779	2,705,139
Total Inv.,Cash on Dep., Cash Equiv.	7,730,585	5,297,581	5,915,375	9,779,507	9,608,006
Fair Value of Total Investments	7,730,585	5,297,581	5,915,375	9,779,507	9,608,006
Fair Value of AFS and Trading Portfolio	0	0	0	0	0
Book Value of HTM + Non FAS 115 Invest.	7,730,585	5,297,581	5,915,375	9,779,507	9,608,006
Cost of Securities Available for Sale	0	0	0	0	0
Total Reverse Repurchase Agreements	0	0	0	0	0
OTHER ASSET DATA					
Non-Earning Assets	1,876,060	3,749,650	2,061,585	2,928,603	2,795,909
Fixed Assets (includes OREOs)	1,157,892	1,129,137	1,127,034	1,797,863	1,820,602
Other Real Estate Owned	0	0	0	0	0
Other Potential Losses & Devaluations	N/A	N/A	N/A	N/A	0
SHARES & LIABILITIES					
Total Borrowings	0	0	0	0	0
Regular Shares	8,622,548	9,211,753	9,076,045	10,595,983	12,309,279
Non-Member Shares	0	0	0	0	0
Total Shares and Deposits	33,689,398	36,448,521	40,386,581	49,904,387	51,397,446
RESERVES					
Net Worth	3,925,604	4,504,617	5,070,687	5,823,558	6,224,027
Undivided Earnings (includes net income)	2,674,411	3,091,946	3,477,741	4,124,377	4,558,011
Uninsured Secondary Capital	0	0	0	0	0
Total Reserves	4,028,373	4,640,901	5,235,676	6,004,377	6,445,557
INCOME & EXPENSE DATA					
Loan Income	2,381,806	2,437,778	2,840,627	3,359,379	1,658,637
Investment Income	338,663	336,688	315,077	437,750	193,996
Fee Income	144,291	157,042	188,682	240,102	122,635
Gross Income	2,907,192	3,229,563	3,605,491	4,370,204	2,154,279
Operating Expenses (less PLL)	1,070,924	1,151,432	1,312,860	1,496,405	842,614
Provision for Loan Losses (PLL)	112,847	100,000	100,000	123,532	106,814
Non-Operating Gain (Loss)	0	42,669	0	0	0
Interest on Borrowed Funds	0	0	0	0	0
Dividend Expense + Interest on Deposits	1,244,461	1,441,786	1,626,560	1,997,398	771,218
Net Income (Loss) After Dividends	478,960	579,014	566,071	752,869	433,633
Net Reserve Transfer	0	61,478	0	0	0
Net Income (Loss) from Operations	478,960	517,536	566,071	752,869	433,633
Factor to Annualize	12	12	12	12	6

Statement of Financial Condition

	Period Ending 12/31/01	%	Current Period Examination 06/30/02	%	Adjusted Balance	%
ASSETS						
Cash and Cash Equivalents						
Cash on Hand	435,732	0.78%	290,896	0.50%	290,896	0.50%
Cash on Deposit	2,004,703	3.57%	626,095	1.08%	626,095	1.08%
Cash Equivalents	0	0.00%	0	0.00%	0	0.00%
Investments:						
Trading	0		0		0	
Available for Sale	0		0		0	
Held to Maturity	0		0		0	
Non FAS 115	7,774,804		8,981,911		8,981,911	
Investments Net	7,774,804	13.84%	8,981,911	15.50%	8,981,911	15.50%
Loans Held For Sale	0	0.00%	0	0.00%	0	0.00%
Loans Receivable	43,661,291		45,716,364		45,716,364	
Less: Allowance for Loan Loss	(180,819)		(188,365)		(188,365)	
Loans Receivable, Net	43,480,472	77.38%	45,527,999	78.59%	45,527,999	78.59%
Other Real Estate Owned	0	0.00%	0	0.00%	0	0.00%
Fixed Assets Net of Depreciation	1,797,863	3.20%	1,820,602	3.14%	1,820,602	3.14%
NCUSIF Deposit	442,571	0.79%	479,182	0.83%	479,182	0.83%
Other Assets	252,437	0.45%	205,229	0.35%	205,229	0.35%
Total Assets	**56,188,582**		**57,931,914**		**57,931,914**	
LIABILITIES						
Borrowed Money & Interest Payable	0	0.00%	0	0.00%	0	0.00%
Dividends & Interest Payable	206,883	0.37%	171,051	0.30%	171,051	0.30%
Payables & Liabilities	253,754	0.45%	106,225	0.18%	106,225	0.18%
Total Liabilities	**460,637**		**277,276**		**277,276**	
SHARES						
Shares & Deposits	49,904,387	88.82%	51,397,446	88.72%	51,397,446	88.72%
Total Shares	**49,904,387**		**51,397,446**		**51,397,446**	
MEMBERS' EQUITY						
Regular Reserves	1,666,016	2.97%	1,666,016	2.88%	1,666,016	2.88%
Other Reserves	33,165	0.06%	0	0.00%	0	0.00%
Undivided Earnings	4,124,377	7.34%	4,558,011	7.87%	4,558,011	7.87%
Miscellaneous Equity	0	0.00%	33,165	0.06%	33,165	0.06%
Other Comprehensive Income	0	0.00%	0	0.00%	0	0.00%
Accumulated Unrealized Gains (Losses) on Available for Sale Securities	0	0.00%	0	0.00%	0	0.00%
Accumulated Unrealized Net Gains (Losses) on Cash Flow Hedges	0	0.00%	0	0.00%	0	0.00%
Current Earnings	0	0.00%	0	0.00%	0	0.00%
Total Members' Equity	**5,823,558**		**6,257,192**		**6,257,192**	
Total Liabilities, Shares, and Members' Equity	**56,188,582**		**57,931,914**		**57,931,914**	

NOTES TO THE FINANCIAL STATEMENTS:

1. The fair value of the Held to Maturity investment portfolio	$	-
2. Total Unused Commitments are	$	6,023,438
3. The total balance of Reverse Repurchases included in assets and liabilities is	$	-

Statement of Income

	For Period From: 01/01/2001 thru 12/31/2001	% Average Assets	Current Period Examination 06/30/2002	% Average Assets	Adjusted: 01/01/2002 thru 06/30/2002	% Average Assets
OPERATING INCOME:						
Interest on Loans (Gross)	3,359,379	6.58%	1,658,637	5.81%	1,658,637	5.81%
Less: Interest Refunded	0	0.00%	0	0.00%	0	0.00%
Net Loan Income	3,359,379	6.58%	1,658,637	5.81%	1,658,637	5.81%
Income from Investments	437,750	0.86%	193,996	0.68%	193,996	0.68%
Inc. (Loss) from Trading Sec.	0	0.00%	0	0.00%	0	0.00%
Total Interest Income	**3,797,129**	7.43%	**1,852,633**	6.49%	**1,852,633**	6.49%
INTEREST EXPENSE:						
Dividends on Shares	1,997,398	3.91%	771,218	2.70%	771,218	2.70%
Interest on Borrowed Money	0	0.00%	0	0.00%	0	0.00%
Total Interest Expense	1,997,398	3.91%	771,218	2.70%	771,218	2.70%
Net Interest Income	**1,799,731**	3.52%	**1,081,415**	3.79%	**1,081,415**	3.79%
Provision for Loan & Lease Losses	123,532	0.24%	106,814	0.37%	106,814	0.37%
'nterest Income After Provision for ı & Lease Losses	**1,676,199**	3.28%	**974,601**	3.42%	**974,601**	3.42%
NON-INTEREST INCOME:						
Fee Income	240,102	0.47%	122,635	0.43%	122,635	0.43%
Other Operating Income	332,973	0.65%	179,011	0.63%	179,011	0.63%
Gain (Loss) on Investments (excluding trading accounts)	0	0.00%	0	0.00%	0	0.00%
Gain (Loss) on Disposition of Assets	0	0.00%	0	0.00%	0	0.00%
Other Non Operating Inc. (Expense)	0	0.00%	0	0.00%	0	0.00%
Total Non-Interest Income	**573,075**	1.12%	**301,646**	1.06%	**301,646**	1.06%
NON-INTEREST EXPENSE:						
Compensation & Benefits	743,931	1.46%	418,227	1.47%	418,227	1.47%
Travel & Conference	51,431	0.10%	20,355	0.07%	20,355	0.07%
Office Occupancy	66,789	0.13%	39,495	0.14%	39,495	0.14%
Office Operations	301,323	0.59%	157,091	0.55%	157,091	0.55%
Educational & Promotional	77,704	0.15%	53,846	0.19%	53,846	0.19%
Loan Servicing	36,021	0.07%	16,103	0.06%	16,103	0.06%
Professional & Outside Services	109,690	0.21%	65,764	0.23%	65,764	0.23%
Member Insurance	16,000	0.03%	8,000	0.03%	8,000	0.03%
Examination/Supervision Fees	10,281	0.02%	3,279	0.01%	3,279	0.01%
:cellaneous Operating Expenses	83,235	0.16%	60,454	0.21%	60,454	0.21%
Total Non-Interest Expenses	**1,496,405**	2.93%	**842,614**	2.95%	**842,614**	2.95%
Net Income(Loss)	**752,869**	1.47%	**433,633**	1.52%	**433,633**	1.52%

Statement of Income

For Period From: 01/01/2001 thru 12/31/2001	% Average Assets	Current Period Examination 06/30/2002	% Average Assets	Adjusted: 01/01/2002 thru 06/30/2002	% Average Assets

Statement of Income

	For Period From: 01/01/2001 thru 12/31/2001	% Average Assets	Current Period Examination 06/30/2002	% Average Assets	Adjusted: 01/01/2002 thru 06/30/2002	% Average Assets
RESERVE TRANSFERS:						
Less: Reserve Transfers	0	0.00%	0	0.00%	0	0.00%
Net Income (Loss) After Reserve Transfer	**752,869**	1.47%	**433,633**	1.52%	**433,633**	1.52%

NOTES TO THE FINANCIAL STATEMENTS:

TAB 8

ADDITIONAL INFORMATION

U.S. Census Bureau

State and County QuickFacts

QuickFacts Main | FAQs | What's New

Hardin County, Texas

Texas counties - view map

Select a county Go

Locate a county by place name

Select a state
USA QuickFacts

Follow the ⓘ link for definition and source information.

Browse more data sets for Hardin County, Texas

	People QuickFacts	Hardin County	Texas
ⓘ	Population, 2001 estimate	48,730	21,325,018
ⓘ	Population percent change, April 1, 2000-July 1, 2001	1.4%	2.3%
ⓘ	Population, 2000	48,073	20,851,820
ⓘ	Population, percent change, 1990 to 2000	16.3%	22.8%
ⓘ	Persons under 5 years old, percent, 2000	6.9%	7.8%
ⓘ	Persons under 18 years old, percent, 2000	27.8%	28.2%
ⓘ	Persons 65 years old and over, percent, 2000	12.2%	9.9%
ⓘ	Female persons, percent, 2000	50.8%	50.4%
ⓘ	White persons, percent, 2000 (a)	90.9%	71.0%
	Black or African American persons, percent, 2000 (a)	6.9%	11.5%
	merican Indian and Alaska Native persons, percent, 2000 (a)	0.3%	0.6%
	Asian persons, percent, 2000 (a)	0.2%	2.7%
ⓘ	Native Hawaiian and Other Pacific Islander, percent, 2000 (a)	Z	0.1%
ⓘ	Persons reporting some other race, percent, 2000 (a)	0.7%	11.7%
ⓘ	Persons reporting two or more races, percent, 2000	0.9%	2.5%
ⓘ	Persons of Hispanic or Latino origin, percent, 2000 (b)	2.5%	32.0%
ⓘ	White persons, not of Hispanic/Latino origin, percent, 2000	89.3%	52.4%
ⓘ	Living in same house in 1995 and 2000, pct age 5+, 2000	62.1%	49.6%
ⓘ	Foreign born persons, percent, 2000	1.3%	13.9%
ⓘ	Language other than English spoken at home, pct age 5+, 2000	3.4%	31.2%
ⓘ	High school graduates, percent of persons age 25+, 2000	79.5%	75.7%
ⓘ	Bachelor's degree or higher, pct of persons age 25+, 2000	13.0%	23.2%
ⓘ	Persons with a disability, age 5+, 2000	8,688	3,605,542
ⓘ	Mean travel time to work, workers age 16+ (minutes), 2000	29.7	25.4
ⓘ	Housing units, 2000	19,836	8,157,575
ⓘ	Homeownership rate, 2000	82.7%	63.8%
ⓘ	Housing units in multi-unit structures, percent, 2000	4.5%	24.2%
	Median value of owner-occupied housing units, 2000	$75,800	$82,500
	Households, 2000	17,805	7,393,354
ⓘ	Persons per household, 2000	2.68	2.74

Median household money income, 1999	$37,612	$39,927
Per capita money income, 1999	$17,962	$19,617
Persons below poverty, percent, 1999	11.2%	15.4%

Business QuickFacts	Hardin County	Texas
Private nonfarm establishments, 1999	733	467,087
Private nonfarm employment, 1999	8,125	7,763,815
Private nonfarm employment, percent change 1990-1999	32.2%	32.4%
Nonemployer establishments, 1999	2,612	1,236,927
Manufacturers shipments, 1997 ($1000)	173,081	297,657,003
Retail sales, 1997 ($1000)	350,610	182,516,112
Retail sales per capita, 1997	$7,207	$9,430
Minority-owned firms, percent of total, 1997	10.8%	23.9%
Women-owned firms, percent of total, 1997	23.9%	25.0%
Housing units authorized by building permits, 2000	21	141,231
Federal funds and grants, 2001 ($1000)	186,302	112,530,383
Local government employment - full-time equivalent, 1997	1,977	850,380

Geography QuickFacts	Hardin County	Texas
Land area, 2000 (square miles)	894	261,797
Persons per square mile, 2000	53.8	79.6
Metropolitan Area	Beaumont-Port Arthur, TX MSA	

(a) Includes persons reporting only one race.
(b) Hispanics may be of any race, so also are included in applicable race categories.

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D: Suppressed to avoid disclosure of confidential information
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F: Fewer than 100 firms

Data Quality Statement

What do you think of QuickFacts?

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Jefferson County, Texas

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	People QuickFacts	Jefferson County	Texas
ⓘ	Population, 2001 estimate	249,640	21,325,018
ⓘ	Population percent change, April 1, 2000-July 1, 2001	-1.0%	2.3%
ⓘ	Population, 2000	252,051	20,851,820
ⓘ	Population, percent change, 1990 to 2000	5.3%	22.8%
ⓘ	Persons under 5 years old, percent, 2000	6.7%	7.8%
ⓘ	Persons under 18 years old, percent, 2000	25.9%	28.2%
ⓘ	Persons 65 years old and over, percent, 2000	13.6%	9.9%
ⓘ	Female persons, percent, 2000	49.7%	50.4%
	White persons, percent, 2000 (a)	57.2%	71.0%
	Black or African American persons, percent, 2000 (a)	33.7%	11.5%
	American Indian and Alaska Native persons, percent, 2000 (a)	0.3%	0.6%
ⓘ	Asian persons, percent, 2000 (a)	2.9%	2.7%
ⓘ	Native Hawaiian and Other Pacific Islander, percent, 2000 (a)	Z	0.1%
ⓘ	Persons reporting some other race, percent, 2000 (a)	4.3%	11.7%
ⓘ	Persons reporting two or more races, percent, 2000	1.5%	2.5%
ⓘ	Persons of Hispanic or Latino origin, percent, 2000 (b)	10.5%	32.0%
ⓘ	White persons, not of Hispanic/Latino origin, percent, 2000	51.8%	52.4%
ⓘ	Living in same house in 1995 and 2000, pct age 5+, 2000	57.3%	49.6%
ⓘ	Foreign born persons, percent, 2000	6.2%	13.9%
ⓘ	Language other than English spoken at home, pct age 5+, 2000	13.2%	31.2%
ⓘ	High school graduates, percent of persons age 25+, 2000	78.5%	75.7%
ⓘ	Bachelor's degree or higher, pct of persons age 25+, 2000	16.3%	23.2%
ⓘ	Persons with a disability, age 5+, 2000	48,472	3,605,542
ⓘ	Mean travel time to work, workers age 16+ (minutes), 2000	20.3	25.4
ⓘ	Housing units, 2000	102,080	8,157,575
ⓘ	Homeownership rate, 2000	66.0%	63.8%
	Housing units in multi-unit structures, percent, 2000	19.3%	24.2%
	Median value of owner-occupied housing units, 2000	$59,400	$82,500
ⓘ	Households, 2000	92,880	7,393,354

Persons per household, 2000	2.55	2.74
Median household money income, 1999	$34,706	$39,927
Per capita money income, 1999	$17,571	$19,617
Persons below poverty, percent, 1999	17.4%	15.4%

Business QuickFacts	Jefferson County	Texas
Private nonfarm establishments, 1999	5,957	467,087
Private nonfarm employment, 1999	102,551	7,763,815
Private nonfarm employment, percent change 1990-1999	10.2%	32.4%
Nonemployer establishments, 1999	11,202	1,236,927
Manufacturers shipments, 1997 ($1000)	15,920,187	297,657,003
Retail sales, 1997 ($1000)	2,570,929	182,516,112
Retail sales per capita, 1997	$10,650	$9,430
Minority-owned firms, percent of total, 1997	23.7%	23.9%
Women-owned firms, percent of total, 1997	28.3%	25.0%
Housing units authorized by building permits, 2000	615	141,231
Federal funds and grants, 2001 ($1000)	1,690,722	112,530,383
Local government employment - full-time equivalent, 1997	9,623	850,380

Geography QuickFacts	Jefferson County	Texas
Land area, 2000 (square miles)	904	261,797
Persons per square mile, 2000	279.0	79.6
Metropolitan Area	Beaumont-Port Arthur, TX MSA	

(a) Includes persons reporting only one race.
(b) Hispanics may be of any race, so also are included in applicable race categories.

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	People QuickFacts	Orange County	Texas
ⓘ	Population, 2001 estimate	84,582	21,325,018
ⓘ	Population percent change, April 1, 2000-July 1, 2001	-0.5%	2.3%
ⓘ	Population, 2000	84,966	20,851,820
ⓘ	Population, percent change, 1990 to 2000	5.5%	22.8%
ⓘ	Persons under 5 years old, percent, 2000	6.7%	7.8%
ⓘ	Persons under 18 years old, percent, 2000	27.3%	28.2%
ⓘ	Persons 65 years old and over, percent, 2000	12.7%	9.9%
ⓘ	Female persons, percent, 2000	50.9%	50.4%
ⓘ	White persons, percent, 2000 (a)	88.0%	71.0%
	Black or African American persons, percent, 2000 (a)	8.4%	11.5%
	American Indian and Alaska Native persons, percent, 2000 (a)	0.6%	0.6%
ⓘ	Asian persons, percent, 2000 (a)	0.8%	2.7%
ⓘ	Native Hawaiian and Other Pacific Islander, percent, 2000 (a)	Z	0.1%
ⓘ	Persons reporting some other race, percent, 2000 (a)	1.1%	11.7%
ⓘ	Persons reporting two or more races, percent, 2000	1.2%	2.5%
ⓘ	Persons of Hispanic or Latino origin, percent, 2000 (b)	3.6%	32.0%
ⓘ	White persons, not of Hispanic/Latino origin, percent, 2000	85.9%	52.4%
ⓘ	Living in same house in 1995 and 2000, pct age 5+, 2000	59.3%	49.6%
ⓘ	Foreign born persons, percent, 2000	2.1%	13.9%
ⓘ	Language other than English spoken at home, pct age 5+, 2000	5.8%	31.2%
ⓘ	High school graduates, percent of persons age 25+, 2000	79.0%	75.7%
ⓘ	Bachelor's degree or higher, pct of persons age 25+, 2000	11.0%	23.2%
ⓘ	Persons with a disability, age 5+, 2000	17,399	3,605,542
ⓘ	Mean travel time to work, workers age 16+ (minutes), 2000	22.1	25.4
ⓘ	Housing units, 2000	34,781	8,157,575
ⓘ	Homeownership rate, 2000	77.2%	63.8%
ⓘ	Housing units in multi-unit structures, percent, 2000	9.7%	24.2%
	Median value of owner-occupied housing units, 2000	$66,100	$82,500
	Households, 2000	31,642	7,393,354
ⓘ	Persons per household, 2000	2.65	2.74

Median household money income, 1999	$37,586	$39,927
Per capita money income, 1999	$17,554	$19,617
Persons below poverty, percent, 1999	13.8%	15.4%

Business QuickFacts	Orange County	Texas
Private nonfarm establishments, 1999	1,456	467,087
Private nonfarm employment, 1999	20,450	7,763,815
Private nonfarm employment, percent change 1990-1999	9.5%	32.4%
Nonemployer establishments, 1999	4,167	1,236,927
Manufacturers shipments, 1997 ($1000)	2,893,350	297,657,003
Retail sales, 1997 ($1000)	546,053	182,516,112
Retail sales per capita, 1997	$6,459	$9,430
Minority-owned firms, percent of total, 1997	15.0%	23.9%
Women-owned firms, percent of total, 1997	26.8%	25.0%
Housing units authorized by building permits, 2000	174	141,231
Federal funds and grants, 2001 ($1000)	377,303	112,530,383
Local government employment - full-time equivalent, 1997	3,198	850,380

Geography QuickFacts	Orange County	Texas
Land area, 2000 (square miles)	356	261,797
Persons per square mile, 2000	238.4	79.6
Metropolitan Area	Beaumont-Port Arthur, TX MSA	

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Other Financial Service Providers

Residents of the Hardin, Jefferson, and Orange Counties community have access to many different types of financial services. However, most of these services come at a high price. Major banks focus on traditional lending practices and typically charge high fees unless an account holder keeps a substantial minimum balance. While there are several credit unions in the area, the majority has a field of membership that is limited to specific employee groups or associations. Residents that do not qualify for credit union membership or who cannot meet the checking or savings account requirements at a major bank must turn to check cashing outlets or pawn shops for quick access to small loans or to cash a check. The purpose of this section is to provide a current picture of options available to residents in the community and to show that the community expansion of Huntsman FCU would benefit both the proposed community and the credit union.

Credit Unions

There are 37 credit unions based in the community. Eleven credit unions are state chartered and the remaining 26 are federally chartered. The credit unions range in asset size from $422,209 to $206 million. Two credit unions have branch locations within the community but are based outside of it. Consequently, the actual and potential membership is drawn primarily from persons outside of the community. Twenty-two credit unions based in the community have less than 5,000 members. With $60 million in assets and a membership base of over 8,000 Huntsman FCU is one of the larger credit unions and has the financial strength to serve the community of Hardin, Jefferson and Orange Counties.

Table 2-1. Credit Unions in the Community

Credit Union	Address	Asset Size	Actual Members	Potential Members
BRC Beaumont FCU	P.O. Box 7630 Beaumont, TX 77726-7630	$437,408	107	321
Coburn CU	P. O. Box 2177 Beaumont, TX 77704	$3,402,972	594	650
Dupont Beaumont FCU	P. O. Box 1305 Nederland, TX 77627	$71,812,819	11,288	14,000
Dupont SRW Employees FCU	P.O. Box 3000 Orange, TX 77630	$110,488,417	14,979	18,000

Credit Union	Address	Asset Size	Actual Members	Potential Members
Eastex Employees FCU	P.O. Box 627 Evadale, TX 77615	$32,712,777	6,352	12,704
Firestone Community FCU	2101 Mac Arthur Dr. Orange, TX 77630	$15,957,857	3,693	35,000
Golden Triangle FCU	P.O. Box 700 Groves, TX 77619	$18,177,315	3,517	6,000
Goodrich Community FCU	2501 Nall Street Port Neches, TX 77651	$39,233,439	7,479	300,000
Goodyear Beaumont FCU	P.O. Box 20396 Beaumont, TX 77720	$17,907,193	2,355	7,000
Government Service CU	2875 Jimmy Johnson Blvd. Port Arthur, TX 77640	$2,589,714	878	1,500
Great Plains FCU*	P.O. Box 2968 Joplin, MO 64803	$217,952,918	33,258	63,950
Gulf Employees CU	P.O. Box 848 Groves, TX 77619	$144,029,860	24,902	400,000
GULFCO FCU	P.O. Box 26002 Beaumont, TX 77720	$422,209	142	152
Huntsman FCU	P.O. Box 1118 Port Neches, TX 77651	$59,873,464	8,038	48,000
IBEW Local 479 FCU	P.O. Box 20877 Beaumont, TX 77720	$9,105,385	2,112	250,000
Market Basket FCU	P.O. Box 1717 Nederland, TX 77627	$1,750,234	771	3,000
MCT CU	P.O. Box 279 Port Neches, TX 77651	$114,724,791	13,560	30,000
Mobil Oil FCU	P.O. Box 2234 Beaumont, TX 77704	$149,657,424	28,885	420,694
Neches FCU	2239 Nall Street Port Neches, TX 77651	$59,697,786	7,479	48,000
Orange County Employees CU	123 South Sixth Street Orange, TX 77630	$3,810,886	957	1,500
Orange County Teachers CU	P.O. Box 108 Orange, TX 77631-0108	$3,691,805	751	1,600
Pear Orchard FCU	3390 Sarah Street Beaumont, TX 77705	$876,968	410	5,150
Port Arthur Community FCU	P.O. Box 1089 Port Arthur, TX 77641	$5,686,249	1,377	5,000
Port Arthur Teachers FCU	3001 Jimmy Johnson Blvd Port Arthur, TX 77642	$22,504,176	3,986	7,500
Public Employees CU*	P.O. Box 2205 Austin, TX 78768-2205	$229,965,963	37,620	50,000
Smiths Bluff Texas FCU	P.O. Box 1117 Nederland, TX 77627	$11,895,286	2,622	345,306
Southeast Affiliated	P.O. Box 55	$10,052,179	2,644	4,500

Credit Union	Address	Asset Size	Active Members	Potential Members
Federal Employees CU	Beaumont, TX 77704			
Southeast Texas Employees FCU	9041 Old Hwy 87N Orange, TX 77632	$6,104,498	1,251	3,000
T & FS Employees CU	P.O. Box 279 Port Arthur, TX 77641	$811,837	374	500
Texaco Community FCU	P.O. Box 3903 Port Arthur, TX 77643	$206,844,320	38,354	376,256
Union Pacific Employees CU	550 Lindbergh Drive Beaumont, TX 77707	$3,047,370	524	1,500
Vidor Teachers FCU	140 E. Bolivar Vidor, TX 77662	$1,875,768	559	600

Banks, Savings Banks and Savings and Loan Associations

The following table contains information on the banks and other financial institutions in the Hardin, Jefferson, and Orange Counties community. A total of 17 financial institutions (excluding credit unions) operate 92 main or branch offices in the proposed community. Some of the financial institutions, such as Bank of America, Bank One, and Washington Mutual Bank are "mega-banks" based outside the community. Only five banks are based in the community. Residents not currently eligible for membership in one of the community's credit unions would benefit from the lower fees and competitive rates of a community-chartered Huntsman FCU. A breakdown of each financial institution is listed below.

Table 2-2. Financial Institutions in the Community

Name of Institution	Main Address	Asset Size	Hardin County Branch Offices	Jefferson County Branch Offices	Orange County Branch Offices
Bank of America*	101 South Tryon Street Charlotte, NC 28255	$565 bil	0	3	0
Bank One*	1 Bank One Plaza Chicago, IL 60670	$217 bil	0	6	1
Bridge City Bank	701 West Roundbunch Road Bridge City, TX 77611	$86 mil	0	0	1
Citizens Bank*	301 Main Street Kilgore, TX 75662	$226 mil	2	0	0
Coastal Bank*	5718 Westheimer Street Houston, TX 77057	$2.5 bil	0	1	0

Name of Institution	Main Address	Asset Size	Hardin County Branch Offices	Jefferson County Branch Offices	Orange County Branch Offices
Community Bank & Trust	700 Calder Avenue Beaumont, TX 77701	$941 mil	5	14	3
First National Bank of Newton*	Main at Rusk Newton, TX 75966	$109 mil	0	0	2
Guaranty Bank*	8333 Douglas Avenue Dallas, TX 75225	$17 bil	1	4	0
Gulf Coast Bank*	Main Street Winnie, TX 77665	$60 mil	0	1	0
Hibernia National Bank*	313 Carondelet Street New Orleans, LA 70161	$17 bil	0	6	4
Lamar Bank	555 North Dowlen Road Beaumont, TX 77706	$109 mil	0	3	1
Mauriceville National Bank	Hwy 12 and Johnson Road Mauriceville, TX 77626	$30 mil	0	0	2
Orange Savings Bank	812 Sixteenth Street Orange, TX 77630	$204 mil	0	0	2
Southtrust Bank*	420 North 20th Street Birmingham, AL 35230	$50 bil	2	6	1
Washington Mutual Bank*	400 East Main Street Stockton, CA 95290	$236 bil	0	3	0
Wells Fargo Bank Texas*	16414 San Pedro San Antonio, TX 78232	$25 bil	0	5	1
Wood Forest National Bank*	13301 East Freeway Drive Houston, TX 77015	$1.2 bil	0	1	0

Fringe Banking and Predatory Lending

Throughout the 1990s, the state PIRGs and the Consumer Federation of America (CFA) have documented the effects of financial deregulation on American consumers. One consequence of deregulation of interest rates, high credit card interest rates and high bank fees has been the rapid growth of the so-called predatory lending (or fringe banking) industry, which includes check cashing outlets, payday loan companies, rent-to-own stores, high cost second mortgage companies, sub-prime auto lenders, traditional pawn shops and the growing business of auto title pawn companies.

The State of Texas has usury laws to protect consumers from predatory lending practices. In 2000, the state agreed to allow "payday" loans but lenders are required to be licensed and a cap has been placed on fees charged for such

services. Licensed payday lenders may charge a $10 fee up front plus $4 per $100 per month for payday loan services. These fees are similar to rates that "signature" loan companies can charge for loans under $480.

There are several factors influencing the transition from traditional banking to the utilization of fringe banking services. Many low-income families either cannot afford or do not qualify for checking accounts at banks and are forced to turn elsewhere for basic banking transactions. Many people who earn higher incomes utilize fringe banks because they offer access to cash quickly with virtually no hassle. Many banks have closed full service branches in low-income and minority neighborhoods denying Texans access to basic financial services. As banks have moved out, fringe banking establishments such as pawn shops, check cashing outlets and rent to own service centers have moved in. Nationwide, it is estimated that one in five families have no bank account.

In an effort to get around the cap on fees assessed on payday loans, several companies offer "sale-leaseback" arrangements that are very similar to payday loans but allow the establishment to charge a much higher fee. In this scenario the transaction entails the customer "selling" personal property to the lender on paper for a particular amount of borrowed funds. The customer keeps the property but agrees to pay a "rental payment" which is really the fee for the amount borrowed. In most cases the "rental payment" is as high as $33 for every $100 borrowed, an interest rate that exceeds 700%. These establishments insist that this transaction is not a loan but rather, a "loan alternative", thus circumventing the state's usury laws.

In September 2001, Consumers Union (a non-profit publisher of consumer reports) surveyed 37 different banks in Austin, Houston, and Dallas to see which banks charged fees to non-customers for checks drawn from their customer's accounts. This service was always free in the past but the explosive growth, and profits, of check cashing outlets has motivated banks to take advantage of the fees and begin charging for check cashing services as well. Of the 37 banks surveyed some of the major banks charge a check-cashing fee. These banks included Bank One, Chase Manhattan, Guaranty Federal and First Bank of Texas. One of the nation's largest banks, Bank of America, charges different fees based on the branch location and the state. Of the eighteen banks surveyed in Houston, two charged non-customers and World Savings Bank did not cash checks for non-customers. Many times, the individuals who go to these banks are cashing their paychecks.

Check Cashing Outlets

There are 19 check-cashing outlets in the Hardin, Jefferson, and Orange Counties community. The majority are located in Jefferson County, which has 13

facilities and Orange County has the remaining six facilities. Larger check-cashing companies in the community are Ace Cash Express (with four separate facilities), Mr. Payroll (with four separate facilities), and Ace Americas Cash Express (with two facilities). A breakdown of each check-cashing institution and its locations is detailed in the table below.

Table 2-3. Check Cashing Outlets in the Community

Name of Institution	Address	County
Ace Americas Cash Express	310 North ML King Jr Pkwy Beaumont, TX 77701	Jefferson
Ace Americas Cash Express	4130 East Lucas Drive Beaumont, TX 77708	Jefferson
Ace Cash Express	3614 Highway 365 Nederland, TX 77627	Jefferson
Ace Cash Express	1910 9th Avenue Port Arthur, TX 77642	Jefferson
Ace Cash Express	3109 Edgar Brown Drive Orange, TX 77630	Orange
Ace Cash Express	2745 Washington Blvd. Beaumont, TX 77705	Jefferson
Cash Today	5130 Twin City Highway Groves, TX 77619	Jefferson
Johnson Rental CO	P.O. Box 815 Orange, TX 77631	Orange
Mr. Payroll	2108 Highway 365 Nederland, TX 77627	Jefferson
Mr. Payroll	1010 Washington Blvd. Beaumont, TX 77705	Jefferson
Mr. Payroll	1055 North Main Street Vidor, TX 77662	Orange
Mr. Payroll	5595 College Street Beaumont, TX 77707	Jefferson
Rays Pawn Shop	3135 Texas Avenue Bridge City, TX	Orange
Reds Discount Liquor No. 1	2948 North 16th Street Orange, TX 77630	Orange
Reds Discount Liquor No. 2	1201 Green Avenue Orange, TX 77630	Orange
Speedy Check No. 9	600 West Gulfway Drive Port Arthur, TX 77640	Jefferson
Speedy Stop No. 20	600 West Gulfway Drive Port Arthur, TX 77640	Jefferson

Name of Institution	Address	County
United Check Cashing	3974 Eastex Freeway Beaumont, TX 77703	Jefferson
Zackies Insta-Cash	3920 Gulfway Drive Port Arthur, TX 77642	Jefferson

Pawn Shops and Rent to Own Institutions

There are 23 pawnshop locations in the community. Jefferson County has 16 separate locations, Orange County has four and Hardin County has the remaining three locations. The largest pawnshop in the area is EZ Pawn with three locations (two in Jefferson County and one in Orange County). The following table lists each pawnshop facility in the community and its address as listed in the yellow pages.

Table 2-4. Pawn Shops in the Community

Name of Institution	Address	County
Bell Pawn Shop	690 Orleans Street Beaumont, TX 77701	Jefferson
Cut Rate Pawn Shop	700 Woodworth Blvd. Port Arthur, TX 77640	Jefferson
EZ Pawn	3427 North Twin City Hwy Port Arthur, TX 77642	Jefferson
EZ Pawn	4135 East Lucas Drive Beaumont, TX 77708	Jefferson
EZ Pawn	1100 North 16th Street Orange, TX 7763	Orange
Gulfway Pawn Shop	3434 Gulfway Drive Port Arthur, TX 77642	Jefferson
JJS Pawn Shop	5640 College Street Beaumont, TX 77707	Jefferson
K & C Pawn Shop	319 Border Street Orange, TX 77630	Jefferson
Lone Star State Pawn & Jewelry	1008 North Main Street Lumberton, TX 77657	Hardin
Lone Star State Pawn & Jewelry	2409 Nederland Avenue Nederland, TX 77627	Jefferson
Nederland Pawn Shop	1214 South Twin City Hwy Nederland, TX 77627	Jefferson
Orange Gun Club	5640 College Street Beaumont, TX 77707	Jefferson
Orange Pawn	1202 North 16th Street Orange, TX 77630	Orange

Name of Institution	Address	County
Pawn Shop	3420 9th Avenue Port Arthur, TX 77642	Jefferson
Rays Pawn Shop	3135 Texas Avenue Bridge City, TX 77611	Orange
R & W Pawn Shop	957 North 5th Street Silsbee, TX 77656	Hardin
Smith Furniture & Loan	700 Woodworth Blvd. Port Arthur, TX 77640	Jefferson
Smith Mike Enterprises	4505 Gulfway Drive Port Arthur, TX 77642	Jefferson
Southeast Texas Sportsmans Club	5640 College Street Beaumont, TX 77707	Jefferson
Triangle Pawn	3400 Twin City Highway Groves, TX 77619	Jefferson
Triangle Pawn Brokers	995 South 11th Street Beaumont, TX 77701	Jefferson
Tri-State Pawn Shop	120 East Avenue H Silsbee, TX 77656	Hardin
Vidor Pawn & Jewelry	1005 North Main Street Vidor, TX 77662	Orange

According to a recent CUNA article, the number of check cashing outlets has doubled in the past five years and generated revenues of over $6 billion in 2001. There are several reasons for utilizing these fringe-banking establishments. The most common observation is the fact that over 12 million U.S. households do not have a relationship with a credit union, bank, or savings institution. It is estimated that almost 10% of families nationwide have no bank account (checking, savings, or money market deposit account). This segment of the population is often referred to as the "unbanked". These unbanked citizens still need to cash checks, acquire loans, and pay bills. Fringe banking establishments meet these needs by offering check-cashing, money-transfer, and payday-loan services all under one roof. The main reason people give for not having a traditional checking account is that they don't write enough checks to make it worthwhile. Other factors include a general dislike/distrust of banks, high service charges, inability to meet minimum balance requirements, not enough money to deposit, and the inability to manage or balance a checking account.

A recent article by Financial Service Centers of America (FISCA) offers an alternative viewpoint worth noting. FISCA is a trade organization representing over 3,500 licensed check-cashing operators and companies formerly known as

the National Check Cashers Association, Inc. According to FISCA, those pushing for bank accounts overlook three basic facts:

- Not all Americans want bank accounts;
- Banks do not want to have relationships with every potential customer, primarily if the individual is viewed as a credit risk, has a history of problems dealing with the banking system, or does not bring a profitable relationship to the bank as is the case with low-income persons who do not make large deposits or maintain large account balances;
- The 10% of Americans that do not have bank or credit union relationships have found alternative ways to conduct basic financial transactions without a savings or checking account.

FISCA notes that neighborhood financial service centers (check cashers) are the leading non-bank financial service providers in America. Check cashers process more than 180 million checks worth $55 billion annually. Customers of these check-cashing outlets give high satisfaction scores in areas of customer service, convenience, and cost of services. Rather than view their customers as "unbanked", FISCA refers to these individuals as "self-banked", customers who choose to utilize these service centers rather than the traditional bank branch. FISCA also notes that banks "select the neighborhoods and consumers they wish to serve", leaving millions of Americans without access to a bank branch. This, in turn, denies many individuals access to traditional depository and credit products and services.

The financial options available to residents of Hardin, Jefferson, and Orange counties offer limited opportunities to accrue savings or maintain long-term relationships with a locally owned financial institution tailored to meet individual needs. It is clear that these residents would benefit from the low-cost products and services available through Huntsman FCU.

(Sources: <http://www.pirg.org/reports/consumer/payday/index.html>; <http;//www.consumersunion.org/finance/pirgrpt.htm>; <http://www.consumersunion.org/finance/leasesw201.htm>; <http://www.consumersunion.org/finance/noncustsw1001.htm>)