THE INSIDER
Spring 2016

Appalachian
Community Federal Credit Union
Building Financial Relationships One Member at a Time!®

Financial Insight

Car Title Loans: $6 Billion Debt Trap

At Appalachian Community Federal Credit Union, we are in the business of providing our members and our community with the best financial products and services available. Part of our mission is to help people avoid a common financial decision that can cost them thousands of dollars. The issue is helping people avoid the mistake of utilizing payday and car-title loan lenders who often charge huge fees and outrageous interest rates. Unfortunately, car-title loans have ballooned into a $6 billion industry over the past decade, with $4 billion coming directly from borrowers in the form of exorbitant fees. Twenty one states still permit this debt trap, which puts one of consumers' most significant assets (their vehicles) at risk, according to the Center for Responsible Lending, Washington, D.C.

Here's how car-title lenders work. Similar to the subprime mortgage loans made at the height of the mortgage bubble, car-title lenders make asset-based loans without evaluating whether the borrower can repay the loan. The loan decision is based solely on the value of the collateral, in this case, the car. Typically there's no credit check, nor does the lender ask about other monthly expenses or debts. If the borrower can't make a payment, there are two choices. The borrower can borrow even more, compounding the problem or lose their car to repossession.

Many borrowers end up in a cycle of debt. One study estimates that borrowers who take out the typical nine title loans in a year wind up paying back more than three times the amount borrowed or $3,391 in payments for a $1,042 loan.

The Center for Responsible Lending cites several borrower stories, one involving a retiree who depleted his life savings to pay for his wife's cancer treatments. He then took out a 375% APR (annual percentage rate) title loan on his pickup truck. His fixed income only covered the title-loan fees, not the principal. He ultimately retired the debt by taking out a loan at 16% APR through a credit union like ACFCU.

If you or someone close to you have found yourselves in a cycle of debt with car-title or payday lenders, we urge you to come by a branch or call us at 800-378-3778. We have specialists who can help you break this cycle and start on a path to financial freedom from creditors.

MEMBER *Spotlight*

Meet Holly, a member at our Norton Branch. Holly was interested in lowering the interest on her auto loan. After sitting down with Candi, a Financial Service Representative, ACFCU was able to do 2 loans for Holly.

We were able to refinance her auto loan at a lower rate and we will be saving her $3,332.13 just in interest charges.

We were also able to consolidate several high interest rate credit cards using the collateral in her other vehicle. We paid off 10 credit cards totaling $13,595! She was paying $506 in minimum monthly payments. At that rate, it would take her a minimum of 8 years (17 years on one card) to pay the debt off. She would have ended up paying the credit card companies $29,000 and over $15,000 in interest alone!

With the consolidation loan, Holly will be debt free in 4 years.

Call us today and let us help save you money!
1-800-378-3778

Our website is getting a make over! Stay tuned for the new and improved myACFCU online!

DID YOU *know?*

Save Your Identity With e-Statements

Even though identity thieves are finding new ways to steal information over the Internet, the original theft (for example, taking out a credit card in your name) tends to be a low-tech crime. According to the Federal Trade Commission, about half of the country's victims know how their information was swiped. In many cases, the breach was from paper bills, credit card offers and bank statements stolen from mailboxes and garbage cans.

Banking and paying bills online eliminates thieves' access to the papers they need to commit identity theft. It also helps to detect these sorts of crimes sooner. This is because consumers who bank online check their accounts about four times a month. This compares to once a month for those who get paper statements by mail.

Receive your statements electronically and enjoy safety, timeliness and convenience. For more information about e-statements or to sign up to receive them, call ACFCU at 1-800-378-3778 or visit www.myacfcu.org.

MORTGAGE

Home Buying Tips

Before you rush into house-hunting mode, get a mortgage preapproval. This process is used to help determine how much money you're qualified to borrow for a home purchase. Once you're preapproved, you'll have a more realistic expectation of which for-sale homes fall within your budget.

Call our Home Loan Center today
to start your preapproval process!
423.230.2600

Insurance Corner

Tree Maintenance and Care

The trees in your yard can enhance your property, provide shade and offer abundant environmental benefits. However, trees can also pose a safety hazard to your family and your home if they are not properly inspected and maintained.

Trees can present a particularly significant danger during a storm. Wind, lightning, snow and ice can all transform a tranquil row of trees into an imminent threat to your property. Proper tree maintenance involves more than pruning and trimming overgrown branches. These are some of the key steps you can take to protect your trees and prevent them from becoming a safety hazard.

Before a Storm

- Remove any dead trees on your property.
- Enhance the health of trees through timely watering, proper fertilization and protection from soil compaction. Healthy trees are more able to adapt to changes in the environment, remain firm in the wind and react more effectively to damage.
- Regularly prune dead or broken limbs to help trees maintain their structural integrity. In addition, thin excess branches every three to five years. For more information, visit arborday.org.
- Remove or treat pest problems as soon as you spot them to minimize potential damage to trees. Be careful not to over-treat tree hollows, and do not remove decayed wood from hollows unless it falls away in your hands. Cleaning hollows can cause additional internal damage to trees. If possible, cover the opening to hollows.

Six Signs to Monitor

When performing maintenance on the trees in your yard, please make safety a priority. If you are unable to safely prune or remove trees and limbs, contact a professional tree-care service or arborist to help you do so. It may be a good idea to consult with a professional if the trees in your yard already display any of the following characteristics:

Sources:
Clatterbuck, Wayne. "Storm-Damaged Residential Trees: Assessment, Care and Prevention." Extension.Tennessee.edu. The University of Tennessee;
Coder, Kim. "Storm Damaged Trees: Prevention & Treatments." Warnell. Forestry.UGA.edu. The University of Georgia.

MEET OUR Staff

Adam Tate

Rogersville Branch Manager

Meet Adam Tate, branch manager Rogersville. Adam is a native of Kingsport and received his bachelor's degree from ETSU and an MBA from King University. He came to the credit union in August of 2014 from SunTrust and currently resides in Rogersville. In 2013, Adam received the 40 under 40 award. He is very active in the community currently serving on the board of CASA for Kids. In his spare time, he enjoys hiking and cheering on the Tennessee Vols. When in Rogersville, stop in and say hello to Adam, and be sure to ask him about his cat Sparta!

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Credit approval req. **Early Termination Fee (sprint.com/etf):** After 14 days, up to $350/line. IL Discount: Available for eligible company employees or org. members (ongoing verification). Discounts subject to change according to the company's agreement with Sprint and are available upon request for monthly svc charges on select plans. Discount only applies to data buy-ups/add-ons for Unlimited, My Way and Framily plans, Talk 450, and primary line on Talk Share 700. **Other Terms:** Offers and coverage not available everywhere or for all phones/networks/plans. Restrictions apply. See store or sprint.com or www.lovemycreditunion.org/Sprint. ©2014 Sprint. All rights reserved. Sprint and the logo are trademarks of Sprint. Other marks are the property of their respective owners.

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Friendship Festival - *Norton - June*
FunFest - *Kingsport - July*
Appalachian Fair - *Gray - August*
Spoonbread Festival - *Berea - September*
Heritage Days - *Rogersville - October*

Caught on Camera

ACFCU Annual Meeting - April 7, 2016 The Inn at Wise

Ron Scott, *President & CEO*, and Royden Russell, *Chairman of the Board*, address the attendees.

ACFCU Board of Directors and Executive Staff

Norton branch staff with the raffle winner, Jan Childers.

Want to see the photo board and photo album? Visit our Kingsport branch on Stone Drive.

1-800-378-3778

www.myacfcu.org

NCUA

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