

Make Sure Your Loan is Approved

Nobody likes getting turned down for a loan. And although Rohm and Haas Employees Federal Credit Union makes every effort to approve all loan requests, it's sometimes necessary to deny an application—to protect the applicant's financial health, as well as the credit union's.

When the credit union denies a loan, it's because the applicant has either (1) a poor credit history or (2) a high debt-to-income ratio. Your debt-to-income ratio is the percentage of your total debt compared to income. For example, if each month you pay \$400 toward debt with a \$1,000 gross (before tax) monthly income, your debt-to-income ratio is 40%.

Although there's no magic ratio to shoot for, a rough guideline is that total debt shouldn't exceed 40% of total income. The credit union also weighs other factors, and requirements vary for different loans.

If your loan request gets rejected, here are a few things you can do to improve your chances for approval on your next application:

- Devise a plan to pay off old loans, including credit card balances, thus reducing your debt-to-income ratio.
- You may qualify to consolidate your loans and credit card balances into one loan at Rohm and Haas Employees Federal Credit Union; then stop overusing credit cards.
- Get a handle on your budget by comparing what you spend with what you earn. A budget can help you trim expenses and funnel money toward paying off old debts.
- Fix your broken credit history. Rohm and Haas Employees Federal Credit Union will work with any member who is sincere about re-establishing good credit.
- Bolster your income with a second job—temporarily—to help trim your debt.

A GAP you may need.

Most of us have heard of the hip clothing store, The Gap, that you can find in nearly every mall across America. Depending on your fashion taste, that's a Gap you may or may not be interested in. But there's another Gap you may not know about—GAP insurance.

The last thing a buyer of a brand new car wants to think about is having an accident. Unfortunately, accidents happen, even with new cars, and the results can be financially painful. As soon as you drive that new car off the lot, you trigger a huge loss in value as it immediately becomes a used car, and the first

year's depreciation reduces your value. Especially for those who borrow 100% to finance their new car, you may now be in a position of having a loan greater than the value of your car. In the event the car is damaged beyond repair (known as "totaled"), the insurance company will pay the value of your car less the depreciation, and you may find yourself with no car and several thousand dollars left to pay off. The solution to this problem is to purchase GAP insurance. This insurance covers the difference between the depreciated value of your car and your loan balance. It is relatively inexpensive, but could help you avoid a huge problem. The next time you buy a new car, don't forget to get a quote from your insurance agent for GAP insurance.

Finance

Your Return to School

If you're thinking about going back to school to finish a degree or to continue your education, you might be concerned about how you'll get through it financially. By carefully investigating your options, additional education might not be out of the picture.

- **Financial Aid**—With increases in the amount of financial aid available, loans can assist more people. Fill out a Free Application for Federal Student Aid (FAFSA) form to assess your needs.

- **Part time vs. full time**—Determine if going back to school is what you really want to do and if you can handle the demands of a job, family, and school while paying only for a few credits at a time.

- **Scholarships, fellowships, and grants**—Given out through schools, organizations, and businesses for different reasons, many are designated for returning adults. And, they needn't be repaid.

- **Employer-paid tuition**—Many companies pay for their employees pursuing further education. Check with your HR (human resources) department for more information.

- **Get to know the financial aid officer**—When new scholarships are offered, your face and name will be remembered, and you most likely will be contacted about the potential funds.

Stop and see us today. We may have other loan options available to you to help pay for college.

Card Surprises to Look Out For

Credit card issuers have to make a profit. No one objects to that. But when they do it by hiding or disguising what it really costs you to use a card, that's not right. Here are some ways you could be paying more—unknowingly—for your credit cards than you need to:

- 1. Retro rate hikes.** Teaser rates, low in the beginning but rising after six months or so, are a popular way for card issuers to attract new cardholders. Did you know, though, that often, when the low rate expires, any balance you have on the card jumps to the new rate, not just new purchases?
- 2. Costly cash advances.** Often, there's both a finance charge (interest) and a transaction fee for cash advances—even if the ads say “no finance charges.” You owe interest from the day you take the advance—no grace period—and the transaction fee may be as high as 2% to 5%.
- 3. Phantom fringes.** Cards offering benefits like percentage discounts, rebates, or purchase protection have been cutting back on those benefits—often without notice.
- 4. Grace is gone.** Multi-feature, high-limit cards sound great but may not have a grace period. If the issuer charges interest from the date you make a purchase, these cards are expensive even if you always pay in full each month.
- 5. Grace is iffy.** Most cards having grace periods charge interest on new purchases if you carry a balance. So if you're counting on a grace period, pay your bill in full each month.
- 6. Grace is brief.** The typical grace period is 25 days, but some issuers are closing the window between your purchase date and when interest applies.
- 7. Interest gotcha.** It's not uncommon for a card issuer to charge interest from the day it posts your purchase to your account. But some now actually charge from the day of your purchase—meaning they charge you even before paying the merchant for you.
- 8. Bi-cycle billing.** Two-cycle billing means the card issuer charges two months' interest the first month you don't pay your full balance. This occurs only when you've formerly paid in full and then carry a balance.

Rohm and Haas Employees Federal Credit Union offers credit cards at great rates and for fair fees: Our cards carry a fixed rate of 11.9% APR, and there are no transaction, cash advance, or annual fees.

Credit Counselors Help Before You Get in Too Deep

Credit counseling works as both remedy and prevention to financial problems. Rather than filing for bankruptcy, which can scar your credit for years and limit your financial freedom, nonprofit credit counselors help you improve your financial situation. To find a credit counselor near you, contact ROHM AND HAAS EMPLOYEES FEDERAL CREDIT UNION or the National Foundation for Credit Counseling (NFCC) at 800-388-2227 or www.nfcc.org.

Loan Interest Rebates

The Board of Directors declared an interest refund on all real estate secured loans paid up to date at the end of September—the refund reduces the effective rate to 5.5% for the fourth quarter of 2003.



Look for other information related to your credit union's services on our web page: <http://www.rhcu.com>



Certificates of Deposit

Certificate	APR (Annual Percentage Rate)	APY (Annual Percentage Yield)
6 month	1.10	1.10
9 month	1.20	1.20
12 month	1.35	1.35
30 month	2.00	2.02
60 month	3.00	3.04

Money Market & Share Account Rates

APR (Annual Percentage Rate)	APY (Annual Percentage Yield)
1.00	1.00

Rates are subject to change in response to market conditions.