

DEFENSE CONTRACTS SOUTH FEDERAL CREDIT UNION

QUARTERLY NEWSLETTER

July 1, 2008

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VISIT THE WEB SITE 24 HOURS A DAY: www.dcsfcu.com

MESSAGE FROM THE MANAGER:

Home Banking Is Now Available:

I am pleased to announce home banking is now available to the membership. It provides 24 hour account access.

Personal Service Commitment:

Convenient home banking will compliment the personal attention members receive. The staff will continue provide the highest level of individual service.

Billy Edwards

Free Car Buying Assistance Online:

Resources are available online to assist members with the car buying process at www.dcsfcu.com.

HOME BANKING IS NOW AVAILABLE:

Features of the online system include:

- Share and Loan Balances, Loan Due Dates, Account History and other Account Information
- Secure Website with Multi-Level Authentication
- Check Withdrawals
- Share to Loan Transfers
- Real Time Account Info.



OUR PRIVACY POLICY

The following privacy principles were established to maintain the security, integrity, and confidentiality of your personal financial information.

The type of information we collect:

We routinely collect and retain the information we obtain from your account applications, transaction history and from consumer reports. This information helps us:

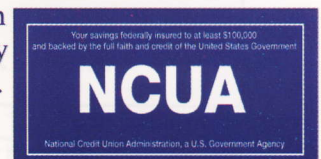
- To establish and administer your accounts. (Example: We ask you for personally identifying information to protect your accounts from fraud.)
- To satisfy certain regulatory requirements. (Example: When you open an account that pays interest, we are required by the Internal Revenue Service to obtain your Social Security Number.)
- Better understand you so that we may provide you with additional or improved products and services. (Example: We require information concerning your credit history and your assets to determine if you qualify for loan approval.)

We do not share the nonpublic personal information of our current or previous members and nonmember customers with affiliates or nonaffiliated third parties except as permitted or required by law.

How is that information protected?

Access to your personally identifiable financial information is limited to employees with a specific business reason for utilizing this data. Our employees are educated about the importance of maintaining confidentiality and member privacy. If necessary, we will take appropriate disciplinary steps to enforce our employees' responsibility to protect your very personal information. In order to prevent unauthorized access to your information, we maintain security standards and procedures that conform with industry practices. Procedures are routinely tested to verify the integrity of our systems.

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Research new vehicles	Obtain invoice prices
Get a quote from CU dealership contacts in the Dallas/Fort Worth area - See website for details	

DIVIDENDS

Your Board of Directors declared the dividend for the second quarter as follows:

DIVIDEND RATE AND ANNUAL PERCENTAGE YIELD (APY)

BALANCES BETWEEN	RATE	APY
\$25.00 — \$499.99	1.00 %	1.00 %
\$500.00 — \$1,999.99	2.00 %	2.02 %
OVER \$2,000.00	3.00 %	3.03 %

Note: The annual percentage yield is a percentage rate that shows the total amount of dividends, based on the dividend rate and the frequency of compounding for a 365-day period. Dividends are figured on date of deposit to date of withdrawal basis. Deposit limit: The limit on deposits was increased to \$5,000 per account per calendar month.

The Car of Your Dreams
Is Waiting at DCSFCU

NEW CAR LOAN RATES

Term	APR
4 Years	4.90 %
5 Years	5.40 %
6 Years	6.05 %

**Defense Contracts South Federal Credit Union
Loan Repayment Schedule
July 1, 2008**

****Share Secured Loan**

TERM	APR	MONTHLY FACTOR	BIWEEKLY FACTOR
1 YR	4.25	.085264	.039316
2 YR	4.25	.043536	.020075
4 YR	4.25	.022691	.010464
5 YR	4.25	.018530	.008545
10 YR	4.25	.010244	.004724
12 YR	4.25	.008877	.004094

New CAR, Boat, Motor Home, Travel Trailer

TERM	APR	MONTHLY FACTOR	BIWEEKLY FACTOR
4YR	4.90	.022984	.010597
5 YR	5.40	.019055	.008785
6 YR	6.05	.016597	.007651

Used Boat, Motor Home, Travel Trailer

TERM	APR	MONTHLY FACTOR	BIWEEKLY FACTOR
4 YR	8.00	.024413	.011250
5 YR	8.00	.020276	.009345
6 YR	8.00	.017533	.008081

Signature Loan

TERM	APR	MONTHLY FACTOR	BIWEEKLY FACTOR
1 YR	9.00	.087451	.040285
2 YR	10.00	.046145	.021255
3 YR	11.00	.032739	.015079
4 YR	13.00	.026827	.012355

Our rates are subject to change without notice.
Rates effective July 1, 2008.

** Share secured loan rates are variable at 1.25% above the last, highest dividend rate paid

* Changes effective 30 June each year for age of vehicle.*

Preferred Signature Loan

TERM	APR	MONTHLY FACTOR	BIWEEKLY FACTOR
1 YR	8.00	.086988	.040080
2 YR	9.00	.045685	.021047

****Used Car 2008 & 2009 Models****

TERM	APR	MONTHLY FACTOR	BIWEEKLY FACTOR
4 YR	4.90	.022984	.010597
5 YR	5.90	.019286	.008891
6 YR	7.05	.017073	.007870

****Used 2007 Models****

TERM	APR	MONTHLY FACTOR	BIWEEKLY FACTOR
4 YR	5.50	.023256	.010722
5 YR	6.50	.019566	.009019

****Used Car 2005 & 2006 Models****

TERM	APR	MONTHLY FACTOR	BIWEEKLY FACTOR
4 YR	6.00	.023485	.010826
5 YR	7.00	.019801	.009127

****Used Car over 4 Years Old****

TERM	APR	MONTHLY FACTOR	BIWEEKLY FACTOR
3 YR	7.50	.031106	.014335
4 YR	8.50	.024648	.011358

Motorcycles

TERM	APR	MONTHLY FACTOR	BIWEEKLY FACTOR
2 YR/N	10.75	.046492	.021412
2 YR/U	11.75	.046957	.021622

Directions: Select the type of loan. Next, select the factor which corresponds to the terms and the frequency of payment, monthly or biweekly. Multiply this factor by the loan amount to determine the payment.

Example: A new car loan of 12,000 for four years on biweekly payments:
\$12,000 x .010597 = \$127.16 Then, the payment is rounded to the nearest whole dollar, or \$127.00 each payday.

**LOAN APPLICATIONS ARE NOW AVAILABLE BY INTERNET OR FAX
RECEIVE AN APPLICATION: (214)742-7830 SEND AN APPLICATION: (214)742-7834**