

“Strong Future for the Brave of Heart”

Three Michigan CU's offer hope for SAS CU's with new business model

Thursday - MARCH 29th, 2007 - Municipal & Health Services, “a part of Affinity Group CU” (37M), Wy-South FCU (34M) and Crestwood Community FCU (28M) announced today, they’ve applied to the National Credit Union Administration (NCUA) and the Office of Financial and Insurance Services (OFIS) for permission to combine all three credit unions, subject to their membership’s approval.

Tom Miller, CEO of Affinity Group CU observed: “While conventional mergers between CUs have become fairly commonplace today, there are several things that make this combination unique. First of all, this is a merger between three smaller, but healthy full-service credit unions; each with double digit net worth.”

“We began talking together because we all desired to remain relevant for our members in the future” said Mike Campbell, Chairman of Affinity Group CU. “For small and mid-sized CU’s, the choice for CEO’s and Boards is two-fold. Try and go it alone and keep up with complex compliance, rising costs, shrinking margins, new technology and increased competition –or- find a better business model. Both choices demand a good hard look at the realities of running a member-owned financial institution that needs to make decisions in the best interests of its membership.”

Jerry Dwornick, Chairman of Wy-South FCU, added, “we approached this as a collaborative opportunity. By combining and sharing our individual financial, human and technical resources, we felt we could become even more valuable to our members. Our individual CU’s had each accumulated adequate capital to be safe and sound but going forward, we wanted to focus more on our return to members. Combined, we will have increased opportunities to deliver on this promise.”

“This partnership aims to increase our profitability by reducing numerous duplicated costs and efforts” explained Robert O’Keefe, Chairman of Crestwood Community FCU. “We are looking forward to passing the value gained along to our members in the form of new products, services and branches for their convenience.”

“This is not about the end of one organization for the sake of the other states” Carma Peters, CEO of Wy-South FCU. “It’s about building a larger network and becoming more than just a simple stand alone option for our membership. It’s about joining with other CU partners to deliver the kind of services members are looking for. Times have changed and today product availability, convenience and price trump member loyalty. If we are unable or unwilling to meet our member demands, they will vote with their feet and go elsewhere.”

“Another unique characteristic of this merger” adds Miller, “is that each location will have a special “brand name” leveraging the individual CU’s prior identity and strong member relationships while also identifying the Affinity Group CU affiliation. This is made possible by a provision in the Michigan CU ACT permitting CU’s to merge into one charter, yet do business using a unique name at each office location. Retaining each CU’s name brand and using the Affinity Group CU identity as a corporate affiliation is one of numerous key strategies aimed at building a larger service delivery network”, explained Miller.

“For most members, the delivery of financial services is a local and personal choice” indicates Crestwood CEO, AnnMarie Miller. “This is why it is so important for Affinity Group partners to maintain their unique branding, office locations and staff. Our presence with members is so much stronger when we are able to build on the legacy of good will and trust already earned by each CU’s current staff.”

“Partnering is a learned skill” confesses Affinity Group Board Chairman, Mike Campbell. “Our Board of Directors has spent a great deal of time planning on how to partner with other Boards. Nonetheless, we expect to learn every day. We’ve chosen a bold new design for the governance of Affinity Group Credit Union. We want the organization’s overall direction to be charted using the key strategies created by six standing strategic direction teams. These strategic direction teams are made up of the officials from each partner credit union plus trusted third party industry advisors.” “This ensures we benefit from the combined thinking of all credit union partners” explained Campbell. Each team also includes two Affinity Group board members and one member from the AGCU Executive Management Team.

“We’re also setting new precedents for governing the new organization” states Bob O’Keefe, Crestwood FCU Board Chairman. Affinity Group CU’s thirteen board seats will be allocated based upon the net worth of each CU partner at the time of merger. “The board is prepared to accept changes as new CU partners join” explains O’Keefe. “Our primary role will be to review and act on plans and recommendations developed by our six strategic direction teams.” “Affinity Group CU will be lead by CEO Thomas Miller. The CEO’s from Wy-South FCU (Peters) and Crestwood Community FCU (A. Miller) will join the Affinity Group Executive Management Team” O’Keefe added.

“The joining of all three memberships gives Affinity Group Credit Union a larger and geographically diverse footprint in the Detroit area marketplace” states Jerry Dwornick, Wy-South Chairman. The CU’s combined charter will serve businesses and organizations, members and their families that live, work, volunteer, worship or attend school in cities located throughout Oakland and Wayne counties; two of the most heavily populated areas in Southeast Michigan.

To bridge the logistical challenges between offices, for board, management, strategic development team meetings and staff training, the group has also taken another daring leap forward. “We’ve decided to utilize the internet and new state-of-the-art High Definition video communications technology from LifeSize” www.lifesize.com says Jenise James, IT Manager for Affinity Group CU. James adds, “we plan to create regional video conferencing centers at several CU branch locations in order that travel time for meetings and training can be reduced to thirty minutes.”

“Affinity Group CU also plans to leverage its ownership in (4) Michigan CUSO’s to add value and further benefit the CU membership” explains CEO Tom Miller. “Our investment in these CUSO’s help us offer services to members we couldn’t afford to provide ourselves at with our limited resources and smaller scale. They also allow us to lower operating expenses by pooling assets with other CU’s to create economies of scale. They are providing us the means to reach out into the marketplace and capture new opportunities for member growth and they’ve created additional revenue streams that offset our need to increase fees and charges to members.”

Affinity Group CU is an owner in the following CUSO’s;

1. CU* Answers - www.cuanswers.com
 - CU* Answers is the data processing platform used by Affinity Group CU. As an owner, the credit union receives investment income as well as patronage dividends as part of its use of the CUSO’s services.
2. Mortgage Center, LLC - www.mortgagecuso.com
 - As one of seven CU owners, Affinity Group CU receives one-seventh of the net income of this CUSO each month. Mortgage Center has over sixty CU users and services one billion in mortgages for its CU’s. Tom Miller was a founder of Mortgage Center and serves as Vice Chairman of their board of directors.
3. Xtend, LLC, - www.xtend.com
 - As an owner/participant in Xtend, Affinity Group CU is able to offer its members over 100+ shared branch locations throughout Michigan for their convenience and service. This shared branch network utilizes the client base and platform of CU* Answers.

4. CU Partner Solutions - ([website under construction](#))

- Owned by eight small asset sized CU's in Michigan, CU Partner Solutions is helping its owners through collaboration and aggregation of assets to positively impact their income and expenses. Affinity Group CU is also working with this CUSO to roll out a comprehensive business services and lending program for its members in 2007. We will also bring an online E-Trade program to the membership beginning in May 2007 through this CUSO.

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