



The Oak Tree Advantage

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BUSINESS SYSTEMS**

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► FROM THE SALES FRONT—SITE LICENSING

Stephanie Fincham, Director of Sales

About 10 years ago, we started our program of producing electronic forms and developed its operating rules, which we call *Site Licensing*. Our commitment to producing forms electronically has become so popular that it has transcended printed documents as a percentage of our total forms business. While printed documents are still in demand, the future is laser. And if electronically produced forms are not already utilized at your credit union, it is very likely that they soon will be. With site licensing, you are able to produce any one of our documents quickly and economically on your own data processing system and laser equipment in order to get loans out much faster and—through our cutting-edge support system—obtain system upgrades and maintain document compliance. All forms requiring legal review are checked for both Federal and State compliance before you receive them, so they are ready to go with a “no work, no worry” installation.

Electronic production of documents is truly an Oak Tree Advantage and knowing more about it may encourage you to begin a

program or increase productivity with one you already have.

Here, for example, are a few reminders about how valuable our systems can be to you:

Ongoing maintenance...we keep up-to-date on compliance issues and, since your annual Site License fee generally covers necessary modifications, you can rest assured that your documents are compliant.

Annual renewal interviews...before each renewal, we call or visit with you to verify your use of the system; changes required by your data processor that we do not already know about; print difficulties or upgrades; name changes, mergers, charter changes; and loan volume changes that could increase or decrease your pricing.

If you would like to know more about site licensing and how it can benefit your credit union, as always, we are available to answer your questions regarding any of our services. That's just one of the Oak Tree Advantages.

► SOCIAL NETWORKING. . . Is it wise to market on MySpace?

Credit Unions looking to reach out to new members are getting creative by blogging on Generation Y sites like MySpace and Friendster. But is this tactic productive or gainful? Do you really want your Credit Union employees setting up profiles and commenting on MySpace, when maybe they should be working on their rapport with members. Granted, studies show that more and more profiles on MySpace fall into the 35-year-old age bracket, but do MySpacers really want to be solicited by financial institutions?

Blogs, on the other hand, can prove to be an inventive way to reach out to members. OpenSourceCU.com keeps track of who's blogging...and two of Oak Tree's customers are mentioned. Valerie C. Brown, CEO of Service One Credit Union in Kentucky, keeps an enlightening and interesting blog

on their Web site, in which she cautions members to watch their accounts; provides invaluable information, such as an update on the recent Governmental Affairs conference in Washington, D.C.; and offers guest bloggers with car insurance and tax-filing tips. Verity Credit Union of Seattle, Washington, is also blogging and making industry news for their innovative ways of reaching out to members and the public. Their blog is fresh and informative, and they are proud to report that their members are listening and participating.

Should you decide to venture to the World Wide Web for marketing strategies, just remember to keep it focused and keep it professional. The last thing your members (or potential members) need to hear about is who drank too much eggnog at the holiday party.

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The Oak Tree Advantage

NEW PRESIDENT NAMED AT OAK TREE BUSINESS SYSTEMS



In February 2007, Oak Tree Business Systems proudly announced the promotion of Genelle Rich to President. She replaced Richard Gallagher, who in turn took on the position of CEO.

“Genelle has dedicated her seven years with Oak Tree to learning, mastering, and improving each and every facet within our organization.” Gallagher reflects. “Along the way, she has shown an uncanny aptitude for understanding what needs to be done and exactly what it

takes to make it happen. Her commitment to professionalism is exactly what Oak Tree needs to take us to the next level and I am very pleased to see her take on such a leading role in Oak Tree's future.”

Heidi Ball, systems analyst of Indiana-based Inova Credit Union (formerly known as Bayer Credit Union) says her CU now obtains 99 percent of its business forms from Oak Tree. “No matter how difficult or complex our request, Genelle always makes it happen. We used to get forms from many different vendors, but it is difficult to find the high level of customer service and integration technology that Oak Tree delivers.”

Daryn Hoke, director of product consulting of New York's Albany-based IA Systems, which sells custom loan origination systems, describes Genelle as a great resource and business partner. “I have worked with Genelle for many years, and as our

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► PREDATORY LENDER?

Rod G. Terry, Director of Product Management

With the upward trend in risk-based-lending products throughout the industry, it is possible that a limited number of the credit union's products may actually fall into the predatory lending category, at least according to the federal Truth-In-Lending Act. For this reason, I thought it appropriate to revisit the requirements of the Home Ownership Equity Protection Act, otherwise known as HOEPA or Section 32. HOEPA does not apply to Home Equity Lines of Credit, Reverse Mortgages and/or loans secured by the consumer's principal dwelling in which the loan proceeds are used to finance the initial construction or acquisition of such dwelling. Any loan not specifically excluded from coverage under the regulation is potentially subject to HOEPA.

The Board of Governors of the Federal Reserve System last revised this regulation in 2002, with the two most notable changes at that time being the: (1) reduction of the Annual Percentage Rate trigger for first lien mortgage loans to 8.00% above the rate for Treasury Securities having a comparable maturity date; and (2) adjustment of the fee based trigger to include amounts paid at closing for optional credit life, accident, health, or loss of income insurance, and other debt protection or cancellation products written in connection with the credit transaction.

To determine whether a loan is subject to HOEPA based solely upon the Annual Percentage Rate being charged, it is necessary to compare the Annual Percentage Rate of the new credit with the rate for Treasury Securities having a comparable term to maturity plus an amount equal to either 8.00% or 10.00% (depending on the lien position). If the resulting answer is less than the Annual Percentage Rate for the new credit, then the loan is subject to HOEPA. When performing the calculation, creditors must use the rate for Treasury Securities as of the 15th day of the month that precedes the month in which the application is received and that has a maturity date closest to that of the new credit. Sometimes the term of the new credit will fall squarely between two different maturities and in those instances the creditor must compare the rates for those different maturities and use the lesser of the two. For example, if we assume that the new credit will be for a term of fifteen years, then it is necessary to look at the rates for Treasury Securities having maturities of both ten years and twenty years (since there are no other maturities that would be closer to the term of the new credit), and then use the smaller of those two rates. Since the previous month is March and the rates for securities having a term to maturity of ten years is 4.54% and twenty years is 4.78%,

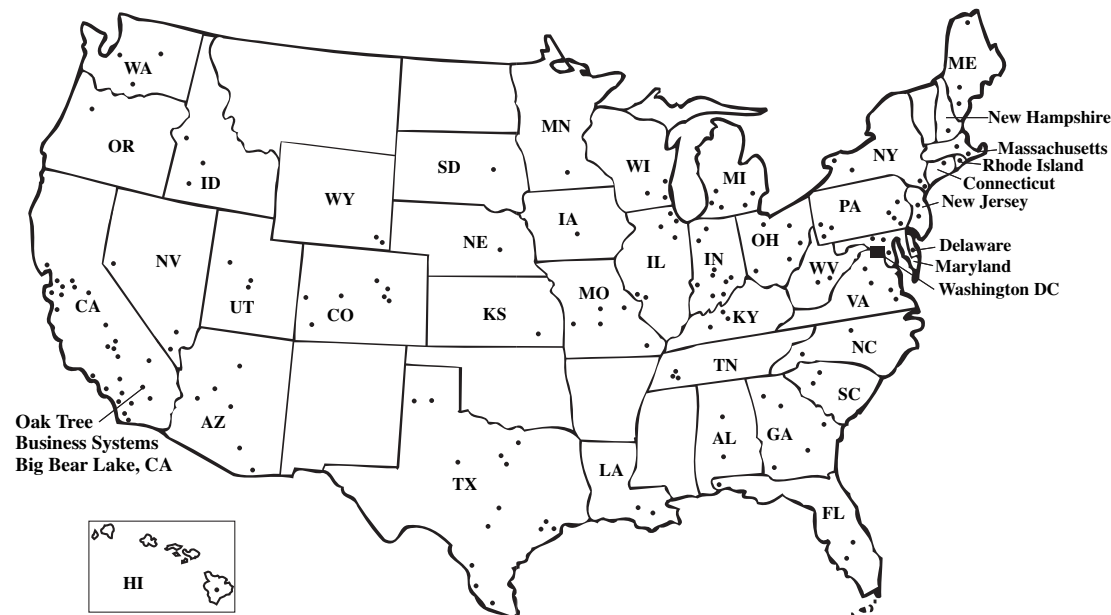
then the rate that must be used is 4.54%. Consequently, if an application taken in April is for a fifteen year loan that will record in the first lien position then the Annual Percentage Rate for that loan cannot exceed 12.54% [4.54% + 8.00%] or it must be classified as a loan subject to HOEPA, and 14.54% [4.54% + 10.00%] if that same loan were to record in a junior lien position.

It is possible to pass the previously described rate test and yet still have a loan that is subject to HOEPA based solely on the amount of the fees that will be paid at or before closing. Fortunately, the regulation does permit some fees to be excluded from the fee trigger calculation, such as fees for title examination, abstract of title, title insurance, property survey and similar purposes, fees for preparing loan related documents, notary and credit report fees, appraisal, pest infestation and flood hazard determination fees for services performed pre-closing. To be excludable from the calculation, these fees must be reasonable in amount, and the creditor cannot receive any compensation (direct or otherwise), and the fees cannot be paid to an affiliate. Therefore, whenever the total fees and points that are required to be included within the calculation exceed the greater of 8.00% of the total loan amount or \$547.00 [minimum threshold for 2007], then the loan would be subject to HOEPA.

If a loan is identified as being subject to HOEPA, creditors are required to provide additional disclosures above and beyond those that are normally required, and there are restrictions on the terms and conditions of any such loan. For example, creditors may not: (i) require a balloon payment on any loan in which the initial term is less than five years (except for bridge loans made for the express purpose of acquiring or constructing the consumer's principal dwelling and having a term to maturity of less than one year); (ii) make a loan in which negative amortization is a possibility; (iii) make a loan that provides for an increased rate upon default; and (iv) make a loan that contains a prepayment penalty provision unless the penalty is limited to the first five years of the loan, the source of the prepayment funds does not come from a refinancing by the creditor or their affiliate, and the consumer's total monthly debts did not exceed 50% of the consumers monthly gross income at the time the loan was underwritten.

Should you have any questions regarding credit union products and the applicability of HOEPA, or any other regulatory topic feel free to contact Oak Tree's Product Management Department for assistance. 🌳

► THE COMPANY WE KEEP



It has been a little over 10 years since we last published this map. As you can see, Oak Tree's family tree of Credit Unions has grown. Few states remain untouched by the Oak Tree Advantage. We

are very excited to show you how much we've grown...yet we still remain dedicated to tending to your individual needs with fast, efficient, knowledgeable, and friendly service. 🌳

► PERSONNEL PROFILES—Welcome Back Rachel Mayson



Rachel Mayson
Director Of Data Services

Since her original hire date in April of 1999, Rachel Mayson has always been an incredible asset to Oak Tree Business Systems. Her knowledge and expertise in our Data Services department is unsurpassed. After a six-month hiatus, we are pleased to announce that Rachel is back at Oak Tree as Director Of Data Services. In addition to data linking and programming, Rachel offers troubleshooting support and is currently training Renell McGhee as an addition to the department. Optical signature capture capabilities, bar codes, and automatic imaging of forms are just a few enhancements available to our Data Services clients. Regarding her return to Oak Tree, Rachel admits, "I am very happy to be back and I am looking forward to working for the many wonderful clients I have had the privilege to assist over the years."

In her spare time, Rachel enjoys spending time with her family and co-workers and takes advantage of the many fun activities here in Big Bear Lake and throughout Southern California. 🌳

NEW PRESIDENT . . . Continued from 1

business and technology has evolved, she has been able to facilitate all of our changes. She is incredibly knowledgeable."

In her position as Director Of Production, Genelle was instrumental in positioning Oak Tree Business Systems, Inc. as a premier provider of customized lending and operational documents for credit unions. One of her greatest accomplishments was acquiring and

securing Oak Tree's technological ability to work with any data processor in the credit union industry.

Genelle is excited about taking Oak Tree Business Systems in new directions. She enthusiastically envisions the company growing and expanding, continually creating the highest quality documents, while retaining its unparalleled customer service and support. 🌳

► The "A" Page

When you think of loan forms and services, think Oak Tree. We produce both print and electronic versions of all our forms plus we provide compliance review and training. Here is just a partial list of what you can order through us...

- 🌳 Business Lending Packages
- 🌳 Closed-End and Open-End Home Equity and Consumer Loan Forms (Print or Laser)
- 🌳 Data Linking Services
- 🌳 Combined Truth-In-Savings Disclosures
- 🌳 Regulation E Disclosures
- 🌳 Regulation CC Disclosures
- 🌳 Spanish Language Documents
- 🌳 Share/Share Draft Account Agreements
- 🌳 Web forms
- 🌳 Member Newsletters

...and more!

Oak Tree Online
www.OakTreeBiz.com

It has been a long time coming, but Oak Tree Business Systems is now online at www.OakTreeBiz.com.

The Web site is chock-full of information about the products and services that we offer: from custom forms and data linking to design and marketing options, Oak Tree is here to help your company grow and expand with the ever-evolving industry. 🌳