

Important Credit Union Information Related to the Shut-Down of Aloha Airlines' Passenger Service

We at Aloha Airlines Federal Credit Union realize that Aloha Airlines' recent decision to discontinue its passenger flying operation, has raised questions and concerns about our credit union. These answers will help you understand many of the questions that have come up in the past few days. This will also help you get you the latest information regarding our business and clarify any misconceptions you may have about how our credit union is a partner of Aloha Airlines.

We are not a subsidiary or business line of Aloha Airlines or its related companies.

We are a separate company operated under the rules and regulations of the federal government. And as with all other credit unions, we are operated under the supervision of the Federal Reserve and the National Credit Union Administration (NCUA). The NCUA is the federal agency in charge of credit unions, like its counterpart the Federal Deposit Insurance Corporation (FDIC) is for banks.

In fact, as a federally-insured credit union, we are not able to be a business line or subsidiary of any private or public company, including the company whose employees the credit union will service; which is sometimes referred to as the 'sponsor company.'

The only relationship a credit union may have with its sponsor company such as our relationship with Aloha Airlines, Inc. is to have an understanding of the credit union's commitment to serve the sponsor company's employees, and to license its name.

Ownership of any credit union, including Aloha Airlines Federal Credit Union, is based on the equal shares of credit union membership at any given time, and no other group or company.

But the credit union uses the 'Aloha Airlines' name and logos.

We have been given permission by Aloha Airlines, Inc. to use the airline's name and logo so that we can identify our credit union as being able to serve the needs of Aloha Airlines' employees.

Aside from this permitted use of the Aloha Airlines name and logo, we do not have any other contractual relationship with Aloha Airlines for the credit union's operation.

So now that Aloha Airlines' passenger operation has shutdown, what happens to the credit union?

Absolutely nothing. Because we are a completely separate company that only licenses the use of the Aloha Airlines name and logo, we will not be affected by the March 31 stoppage of passenger operations.

Are my credit union funds safe?

Yes, they are absolutely safe! By federal law, credit union funds and any funds that members hold in savings or have borrowed in loans are **completely separate** from any other organization, including its sponsor company.

Therefore, your credit union funds are safe; they are not frozen, and are always available to you no matter what. Your funds are also federally-insured for up to \$100,000 per account and can never be lost as a result of the reorganization or closure of its sponsor company, such as Aloha Airlines.

So checks from my credit union account are still good?

Yes. Because we are a **completely separate company**, checks that are issued from accounts with **Aloha Airlines Federal Credit Union** or issued by our tellers also marked

as being issued by Aloha Airlines Federal Credit Union, are fully enforceable and should not be subject to any extraordinary holds or special handling.

I was told the credit union will suffer and become unstable because too many of its members will be out of work and unable to keep-up their loans & will withdraw money.

While many of our members are indeed affected by Aloha Airlines' abrupt shutdown, credit unions are required by federal law to be prepared in advance of any type of catastrophic loss of jobs by its members or situations causing its members to not make loan payments or need higher-than-normal amounts in withdrawals.

As a result of this requirement, our credit union is able to withstand any type of delinquent payments or higher-than-normal withdrawals that may arise out of this crisis.

In fact, a full 12% of our credit union's assets are in "Reserve" status, for just such a crisis. To give you perspective on this, our peer credit unions including some of Hawaii's largest credit unions reserve only 7% - 10% of their assets and the federal requirement is a reserve of only 7%, so we are more than prepared to continue operating a full-service financial institution for all of our members.

But I still don't understand how you can be called Aloha Airlines Federal Credit Union and not be a part of the airline.

This is understandable and a brief history on credit unions may help. Credit unions are created solely for individuals who have a common bond, in this case employees of the same company. In turn, credit unions then assist those individuals with a common bond, in their financial needs.

For example, employees of the former Western Airlines were serviced by their own credit union which was called 'Westernaire Federal Credit Union.' And though that credit union has since updated its name to *Western Federal Credit Union*, it continues to serve the former employees and retirees of Western Airlines. In fact, a full 21 years after Western Airlines stopped flying, their credit union has become one of the country's largest credit unions, with assets of more than \$1 billion.

So in the end, not only are credit unions able to survive after drastic changes take place at their sponsor companies, credit unions are designed and required to stand alone.

So will the credit union change its name because of these changes?

We will be taking into account any changes that occur in the next few days and weeks with regard to the remaining portions of Aloha Airlines. At that time, we will formulate any appropriate future plans, including a change to our name, logo, or focus as they become necessary or appropriate.

Rest assured, members will always be the first to know if any changes are planned.

What happens to my payroll direct deposit from Aloha Airlines, Inc.?

We have not been informed when the last payroll direct deposit will take place. However, we are equipped to accept similar transactions from any other organization or company.

Do I need to cancel my membership because of Aloha Airlines' shutdown?

No. Once you're a member, your membership can remain active no matter what happens to Aloha Airlines. All you

need is to maintain your accounts and loans properly and your membership should never lapse.

I was pre-approved for a loan already, is that affected?

No. Even if your employment status changes, any pre-approvals that we informed you of are valid for 90 days from the time we notified you. However, it is your option to cancel any pre-approvals if you feel your financial situation would not warrant accepting the loan.

Can I still make advances on my line of credit?

Yes. Your line of credit is not affected and will remain in effect as long as you are able to manage your loan properly. However, if you have concerns about managing your loans because of potential changes to your financial situation, please call us to discuss your situation.

My job has not been eliminated, but can the credit union still help?

Yes. Though you may not qualify for the immediate assistance available from our Member Assistance Program, you are still a credit union member who can benefit from any type of assistance that we can offer. Please call us to discuss your situation.

I will leave Hawaii to find new work. How does this affect my membership?

Leaving the island, or even the state, does not affect your credit union membership status.

I will need all kinds of help. What will the Member Assistance Program provide?

We formulated a Program that can help as many members as possible. We will be making details of our Program available on our website and in our branch. Any member whose financial situation is directly affected by Aloha Airlines' passenger service shutdown would be eligible for assistance via our Member Assistance Program.

I still have more questions, where can I call?

Our staff are always able to assist and answer your questions. Please feel free to call us during normal business hours. Further, if you have specific questions on how credit unions are organized or how credit unions are separate from their sponsor companies, call our federal regulatory agency the National Credit Union Administration and their consumer hot line, at 1-800-755-1030.



Aloha Airlines Federal Credit Union
2200 Kamehameha Hwy., Suite 200
Honolulu, Hawaii 96819
808-841-6836
www.AlohaFCU.com



Your savings federally insured to at least \$100,000 & backed by the full faith and credit of the United States Government. We do business in accordance with the Equal Credit Opportunity Act & the Equal Housing Act.