



Why is LM Federal Credit Union Different???



Member Owned: Unlike a bank, we are owned by our members. Banks are owned and operate for the profit of their stockholders.

Non-Profit Financial Institution: Unlike a bank, our profits are returned to our members in the form of higher savings rates, lower loan rates, and lower service fees. Our board of directors is made up of member/volunteers that oversee the Credit Union's operations.

Better Rates: Compare our rates to other local financial institutions. Our deposit and loan rates are typically better than Bank of America, Wachovia, Mercantile, Suntrust, Chevy Chase, Provident, 1st Mariner and M&T.

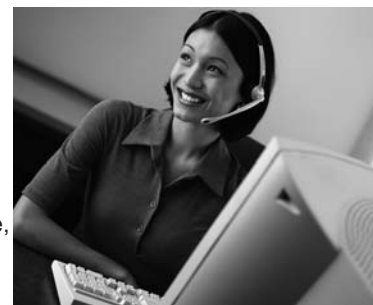
We Serve Members Only: We don't serve businesses, corporations, real estate developers or government agencies; just people!

Better Member Service: When you call the Credit Union, you are typically connected to a person within 30 seconds. There is little to no wait when you visit the office.

Better Response To Special Requests and Problem Resolution: As we are member owned, we do our best to accommodate special requests and to help when a member experiences a problem. You are more than just an account number!

You Don't Have To Be a Millionaire To Be Treated Well: We provide the same level of service to you regardless of your status as a depositor or borrower.

Convenience! You may open a membership or new account and apply for a loan by telephone, in person or through our website. New loans are disbursed by Fedex at no charge. Withdraw funds by telephone, through our website, by electronic transfer to your local account, by writing a check, or by using an ATM or Visa Check Card.



Through February 28th we will pose a weekly question to you about the Credit Union difference if you call or visit the office and if you visit our website. Answer the question correctly and you'll get \$1 credited to your account. Questions will be in multiple choice format. You can earn \$1 for each question that's answered correctly (limit \$1 per question). You'll also be entered in a weekly drawing for a grand prize of **\$100 in CASH!**

Check Out These Promotions...

Earn Up to 5.10% Annual Percentage Yield!

Open an 11 month Certificate with at least \$1,000 in new funds and receive an Annual Percentage Yield of 5.10%!

OR Open an 11 month Certificate with at least \$1,000 in existing funds and receive an Annual Percentage Yield of 5.00%!

Open a new Certificate over the phone or at our office. Hurry, this promotion ends January 31, 2007.

Get up to \$50 in Free Gas with an Auto Loan!

Take an auto loan under \$20,000 and receive \$25 in Free Gas!

Take an auto loan of \$20,000 or greater and receive \$50 in Free Gas!

You may apply for an auto loan online, over the phone, or at our office.

Minimum loan of \$7,500 required. Refinances of existing LM Federal loans are not eligible for free gas. This promotion ends February 28, 2007.

Receive \$50 in CASH with a New Checking Account!

Open a new checking account with direct deposit and a Visa Check Card and we will give you **\$50 in CASH!!!**

New and existing members are eligible. Members with existing checking accounts are not eligible for cash bonus. Fifty dollars will be subtracted from your account balance if the account is closed within 90 days of opening. This promotion ends February 28, 2007.

In This Issue: •Better Loan Rates for Excellent Credit •Meet Our Staff •Check Out Our Checking Accounts •Volunteers Wanted!
•Hold Onto That Account Statement... •TurboTax •IRA Contributions May be Tax Deductible •Tax Refunds: Direct Deposit
•Lower Rates on Home Equity Line of Credit •Need to Payoff Those Holiday Bills? •Contact Info •LM Federal Notes

Better Loan Rates for Excellent Credit!

For many years, members with a credit score of 680 or greater received our lowest interest rates. Now, LM Federal Credit Union has lowered new loan rates on many loan programs for members with a credit score of 730 or greater.



Rates for new and used auto loans, boat and RV loans, motorcycle loans and fixed rate home equity loans are now **1/4% lower**. Fixed rate personal loan rates are now **1.0% lower**. We also continue to offer a **1/4% rate discount** when you elect automatic payment with a fixed rate consumer loan.

As we are a member owned, not-for-profit financial institution, our loan rates are typically lower than those offered by other lenders. Have a question about our loan programs? Call our office or visit www.lmfcu.com.

Meet Our Staff:

Featuring Tracey Bauer


Tracey Bauer has been a New Accounts Rep with LM Federal for almost three years. Tracey's our pro when it comes to new accounts such as checking accounts, certificates, money markets or IRA's. In addition to new accounts, Tracey also helps members with consumer loans, ATM and Visa check cards, payroll changes, and Internet Branch and Internet Bill Pay. You may have had the pleasure of working with Tracey in the office or over the phone when opening a new account or with questions about a card transaction. Outside of work, Tracey enjoys spending time with her husband, Tim, by going to concerts, to the movies, or just out for a nice dinner. Tracey also enjoys catching up on the latest tabloid gossip and shopping, particularly for shoes and purses; although, Tracey will have to start shopping for rattles and diapers soon because she and her husband are expecting a baby in June!



Get \$50 With a New Checking Account...


At LM Federal, we have a checking account to meet your personal checking needs. We offer Free Checking, Regular Checking and Interest Checking. **Plus, open a new checking account and earn \$50 in cash (see pg 1)!** See below to decide which checking account is right for you:

Free Checking: There's no monthly service fee, no minimum required balance, and no fee per checks. It's totally free!

Regular Checking: If you are a Silver Rewards member or you usually maintain a \$500 average balance in your checking account, then Regular Checking is right for you. Members with Regular Checking earn free or discounted services if they are Silver Rewards members. Your rewards level is on your statement. 



Interest Checking: Our only interest bearing checking account. You have to be a Gold Rewards member or maintain an average balance of at least \$1,000 in order to avoid a monthly service fee.

All LM Federal checking accounts offer the following benefits: 

- ◆ No per check fees, no limits on check writing.
- ◆ Free, unlimited access to Internet Branch.
- ◆ Free Visa® Check Card or ATM card.
- ◆ Unlimited free use of the Visa® Check Card or ATM card for purchases (Debit or Credit).
- ◆ Internet Bill Payment-Bronze Rewards: \$4.95 after 3 months; Silver Rewards: free up to 12 bills per month; Gold Rewards: always free!
- ◆ Make up to 4, 8 or 12 foreign ATM withdrawals per month with out a Credit Union fee depending on your rewards level.

You may open a new checking account by:

- Visiting our website (www.lmfcu.com).
- Speaking to a New Accounts Rep (option 3).
- Visiting our office in Middle River, MD.



AMERICA'S
CREDIT UNIONS™

Where people are worth more than money.™

Volunteers Wanted:

The Credit Union is seeking volunteers to serve on the Supervisory and Credit Committees. The Supervisory Committee acts as the Credit Union's internal auditor. Duties include auditing the Credit Union's operations and insuring regulatory compliance. Those with an accounting and/or finance background are encouraged to volunteer. Volunteers must have good credit history.

The Credit Committee handles the review of complex and distressed member loan requests as well as recommends loan policy updates and changes. Volunteers must have good credit and should have an interest in personal finance. Please contact Mark Bold at (410) 687-5240 x510 if you have any questions about volunteering for the Credit Union.



We Have What You Need For The 2006 Tax Season:

Hold Onto That Account Statement...



The enclosed statement lists the end of year dividend (savings interest) and loan interest amounts paid during 2006. Be sure to keep your account statement with your other financial records. If you earned \$10 or more in dividends, a form 1099-INT will be sent shortly. Form 1098 will be sent if you paid \$600 or more in mortgage loan interest, and forms 5498 and 1099-R for various IRA account activity. You may also access this information by contacting one of our Member Service Reps.



Important IRS Contact Information:

Web address: <http://www.irs.gov>
Tax Forms: 800-829-3676
Recorded Tax Info: 800-829-4477
Refund Status: 800-829-4477
Tax Help Line: 800-829-1040
Refund Hotline: 800-829-1954
Baltimore Area Office: 410-962-7969
Maryland Comptroller: 1-800-MD-Taxes or 410-260-7980

How Can I Get My Refund Faster?



It's tax time again! We have partnered with TurboTax Online again, the best-selling online tax preparation software, to offer access directly from your

computer. Visit www.lmfcu.com and click on the "TurboTax" icon to prepare and file your federal and state tax returns online. It's easy and inexpensive. The comprehensive Easy-Step Interview walks you through your entire return. A computer accuracy check will be performed on your return and then it will be filed with the IRS and your state. Your refund will be direct deposited in as little as 10 days to the account of your choice – forget about waiting for a check in the mail!

Looking For Tax Deductions? Consider An IRA!

LM Federal offers Traditional IRAs, Roth IRAs and the Coverdale Educational Savings Accounts to meet your individual retirement needs. All are available as Certificates, Money Markets or Share accounts. You may transfer funds from other IRA accounts or from any Qualified Retirement Plan (including 401k plans) to an LM Federal IRA. Plus, there are no annual maintenance fees! Regular IRA contributions may be made by payroll deduction, through the mail, or in person.

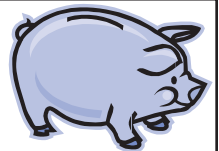
PLUS: Federal insurance on IRA accounts was recently increased from \$100,000 to \$150,000!

TRADITIONAL IRA: Contributions to a Traditional IRA may be tax deductible. You have until April 16, 2007 to make contributions towards the 2006 tax year! Plus, your earnings grow tax deferred!



Tax Refunds: Direct Deposit To Your Account!

If you are entitled to a refund of state and/or federal income tax, you have the option of having your refund sent electronically to your LM Federal account. Use direct deposit to get your refund faster! Your deposit is more secure – there is no check to get lost or delayed in the mail. It's also more convenient since you won't need to visit the Credit Union to deposit your check. LM Federal's routing number is **252076390**. Your account number is your standard four or five digit member number. Deposits may be made to primary share/savings or checking accounts.



New. Split Deposits: Taxpayers can choose up to three separate accounts for the deposit of their federal tax refund. For example, you can send a portion of your refund to your share account and the rest can go to your checking account. Learn more about split deposits at www.irs.gov.

Your savings federally insured to at least \$100,000
and backed by the full faith and credit of the United States Government

NCUA

National Credit Union Administration, a U.S. Government Agency

LM Federal Notes

Account Dividends Paid as of December 31st:

| Acct. Type | APY* |
|------------------------------------|-------|
| Regular & Secondary | |
| Shares, Clubs | 1.75% |
| IRA Shares | 1.85% |
| Money Market (Regular or IRA) | |
| \$2,500 - \$9,999 | 2.00% |
| \$10,000 - \$24,999 | 2.50% |
| \$25,000 - \$49,999 | 3.25% |
| \$50,000 - \$99,999 | 3.50% |
| \$100,000+ | 3.70% |
| Money Market PLUS (Regular or IRA) | |
| \$25,000 - \$49,999 | 4.00% |
| \$50,000 - \$99,999 | 4.25% |
| \$100,000+ | 4.50% |
| Checking Accts. | |
| \$100-\$2,499 | .50% |
| \$2,500+ | .75% |

Anticipated Rates as of January 1st:

Regular & Secondary
 Shares, Clubs. No Change
 IRA Shares. No Change

Money Market Accts. No Change.
 Checking Accts. No Change.
 Call for current Certificate Rates.

*APY = Annual Percentage Yield.

LM Federal will be closed to observe the following federal holidays:
 -January 15th, Martin Luther King Day
 -February 19th, President's Day

Credit Union Financial Statistics as of November 30, 2006:

| | |
|-----------|--------------|
| Assets: | \$20,227,446 |
| Deposits: | \$18,528,743 |
| Loans: | \$16,676,182 |
| Reserves | \$ 1,647,916 |
| Members: | 3,324 |

As mentioned in previous announcements, a new login process for Internet Branch began on December 12th. Please visit our website for more information about this change.

The winner of our 8 foot holiday gift stocking was Marilyn Madigan; congratulations!

LM Federal Credit Union will donate **\$406** to the John's Hopkins Children's Center this year. This donation is a combination of net proceeds from Entertainment Book sales, member donations, and the Credit Union match on member donations. Thank you to everyone who participated!

Lower Rates on Home Equity Line of Credit!



typically tax deductible (check with your tax advisor).

You may apply for a home equity line online or by telephone. Loans may be settled at the Credit Union's office or at a location convenient to you!

Effective immediately, rates on new Home Equity Lines of Credit have been reduced to as low as Prime Minus 3/4% for members with very good credit! (See page #2 regarding better loan rates.) We also continue to offer an introductory rate of **5.49%** APR for the first four months. Closing costs are waived, subject to certain restrictions. Interest on home equity lines is

Need to Payoff Those Holiday Bills?

With a Credit Union Personal or Quick Cash loan, it's easy! Rates are as low as prime plus 2.4%, currently 10.65%. Quick Cash minimum monthly loan payments are only 2% of the loan balance. You may apply for a new loan by phone during regular business hours or online at www.lmfcu.com. Loan approvals are provided by the following business morning. You may repay your loan by convenient payroll deductions, automatic payment transfer, or the mail. New loans are disbursed in person or by Federal Express, no charge.



Once you have the loan established, you may request advances by simply calling our office during regular business hours. We can disburse funds the same day by check. We can also deposit the funds into your Credit Union account, or even transfer funds to a checking account at another financial institution with our Moneymover service!

LM Federal's Contact Information:

Mailing Address:

LM Federal Credit Union
 101 Chesapeake Park Plaza
 Baltimore, MD 21220

Phone & Fax Numbers:

(410) 687-5240
 (800) 410-0501
 Fax: (410) 687-1322
 Loan Fax: (410) 687-0522

Email:

Loan Dept: loans@lmfcu.com
New Accounts:
newaccounts@lmfcu.com
General Info: info@lmfcu.com

Lobby Hours:

Mon-Thur: 10:00am-5:00pm
 Friday: 10:00am-7:00pm

Drive Thru & Phone Hours (EST):

Mon-Thur: 9:00am-6:00pm
 Friday: 9:00am-7:00pm

Receive account information 24x7 with Touch Tone Teller and Internet Branch!