

## CREDIT COMMITTEE REPORT

**Mr. Joseph Vargo, Chairperson**

Volunteer Specialist for AARP  
Former teacher with the Cleveland Metropolitan  
School District and Director of Negotiations for  
the Cleveland Teachers Union

**Mrs. Winnifred Albert, Secretary**

Former Assistant Principal, Cleveland School of  
Arts, East Technical High School,  
Carl F. Shuler Jr. High School, Charles Eliot Jr.  
High School and A.B. Hart Jr. High School

**Mrs. E. Ruth Wesby**

Former teacher, Cleveland Metropolitan  
School District



On June 12, 1933, E. H. Reuter, Delancy W. Corlett and W. N. Rutledge were elected to the first Credit Committee of the Cleveland Teachers Credit Union. At this meeting they established the interest rate on loans to be not more than 1% per month (12.0% APR) and approved that no loan shall be made in excess of \$50 without security. By year end, loans to members totaled \$104.18.

Since 1933, our founding principles haven't changed, but the volume and value of loans issued to our membership has grown significantly. The Credit Committee continues to be elected by our membership and serve our membership and Board of Directors in managing the loan portfolio. This past year, the Committee met weekly to review credit applications and approve loans.

OECU continues to maintain a well-balanced and financially sound loan portfolio. The portfolio contains 37% closed-end mortgages, 28% collateralized loans such as new and used autos, 24% home equity loans, and 10% signature products. Approximately 90% of the loan portfolio is in collateralized loans.

OECU does not originate real estate loans that would be considered "sub-prime" and therefore does not have direct exposure to credit losses associated with the "sub-prime" real estate markets. OECU maintains a significant portion of its loan portfolio secured by real estate loans, 97% of which have a loan-to-value (LTV) ratio below 80%. The balance of the real estate loans all contain private mortgage insurance and loan loss reserves have been maintained at levels sufficient to meet any losses associated with non-payment.

Respectfully submitted,

*Credit Committee*  
*Joseph Vargo, Chairperson*

## REPORT OF INDEPENDENT AUDITORS



**Crowe Chizek and Company**  
Member Horwath International

*Board of Directors*  
*The Ohio Educational Credit Union*  
*Cleveland, Ohio*

We have audited, in accordance with auditing standards generally accepted in the United States of America, the balance sheets of The Ohio Educational Credit Union as of December 31, 2007 and 2006 and the related statements of income, changes in members' equity and cash flows for the years then ended, not appearing herein; and in our report dated March 31, 2008, we expressed an unqualified opinion on those financial statements. In our opinion, the information set forth in the accompanying financial statements is fairly stated, in all material respects, in relation to the December 31, 2007 and 2006 financial statements from which it has been derived.

*Crowe Chizek and Company LLC*

*Crowe Chizek and Company LLC*  
*Cleveland, Ohio*

*March 31, 2008*