

Board of Directors' and Management's

Annual Report to the membership

Well our crystal ball is so cloudy these days that it is really difficult to tell where the financial world is heading. We can however tell you about Harlingen Area Teachers' Credit Union. We are strong financially and moving ahead with all of our plans for improving the quality of service that we provide to you, our members.

For the 4th year in a row, we've paid you a bonus dividend and gave you an interest refund. This was posted to your savings account on December 15, 2009. The board thought very hard about this and determined that it was a good thing for us to do even in a tough economic year. We have been successful this year thanks to our members continuing to support us and do business with us and we wanted to share that with you.

In looking for ways to improve the services that we offer, we are revamping our HATCU Online look to ensure that your information is secure. While this change may take a little while to adjust to, we think overall the benefits will outweigh the challenge of getting used to it being different. In addition to that, there are some new features that we think you will really like.

Allpoint is the SURCHARGE FREE ATM network that we joined in January of 2010. You can now have access to over 300,000 ATMs worldwide with no surcharge. Just look for the Allpoint logo. All Targets, most Walgreens, CVS Pharmacies and ExxonMobile stations will have an Allpoint Surcharge Free ATM available. So even if you are local and on the other side of town, we will have an ATM close to you that you can use as many times as you'd like. You don't need a special card or code, just swipe your card, handle your transaction and you will get your money - and there will not be a surcharge. Check out our website for an Allpoint Surcharge ATM near you. Traveling? Use your phone to find the nearest one - there is an app for that!

By continuing to offer good rates on loans and savings, we look forward to doing business with you. We know that we still face challenges in 2010 and that the unknown can be intimidating at times, however we will do whatever we can to help you make it through any changes you might face. Be sure to check with HATCU first before looking for another loan source. We are here to work with you our members to make sure that you reach your financial goals, whether that is to purchase a new home or send your oldest child to college. We are partners in this financial world and together we will succeed.

/s/ Chairwoman of the Board
Sue Bennett

/s/ President
Allyson "Missy" Morrow

Annual Meeting Report

February 20, 2009

CALL TO ORDER

The Invocation was given by David Jones. After the meal, S. Bennett, Board Chairman called the meeting to order at 8:00 p.m.

INTRODUCTION OF BOARD MEMBERS

The following Board members were present: Michael Tamayo, Ramiro Flores, Connie Cavazos, Sheri Durham, Sue Bennett, Connie Snakenberg, Joe Montemayor and David Jones. D Batot was absent.

MINUTES OF THE 2008 ANNUAL MEETING

The minutes of the 2008 meeting were presented to the members. Motion to approve the minutes was made by Sam Morrow. Second was made by David Jones. Motion carries.

ELECTIONS

Marvin Huckle, chairman for the nominating committee, recommended the following board members for re-election: Michael Tamayo, Ramiro Flores, and Connie Snakenberg. Motion to approve was made by Marvin Huckle. Second was made by Mrs. Ratliff. Motion carries.

REPORTS

Sue Bennett encouraged members to read the annual report printed in the brochure.

Missy Morrow spoke to the members about the differences between banks and credit unions. She spoke about how dividends are returned to the members, and reminded the audience that all members are treated equally and have one vote regardless of income level. Missy reassured the members that the CU is financially strong and will survive despite the downturn in the economy. Credit Union staff and committee volunteers were introduced to the members.

Audit Committee report is printed in the program.

NEW BUSINESS

Marc Hernandez, with Money Concepts, spoke to the members and encouraged members to come by to speak to him with any financial questions or needs.

Sue Bennett recognized Vanessa Serna and thanked her for all of her hard work in putting together the annual meeting.

DRAWING FOR DOOR PRIZES

The attached list of members were the recipients of a \$50.00 bill and miscellaneous door prizes.

ADJOURNMENT

Motion to adjourn was made by Joe Montemayor. Second by David Jones. The meeting was adjourned at 8:45.

Comparative Financial Statement

ASSETS

	Dec 31, 2007	Dec. 31, 2008	Dec. 31, 2009
LOANS.....	26,868,933	29,792,271	37,237,465
RESERVE FOR LOAN LOSSES (62,726)	(62,726)	(70,811)	(21,904)
CASH IN BANK.....	5,459,824	2,265,822	2,777,687
INVESTMENTS.....	9,251,676	14,674,218	13,734,144
FURNITURE & FIXTURES.....	203,860	130,136	115,633
BUILDING.....	1,527,569	1,468,718	1,396,608
OTHER ASSETS.....	1,576,149	838,623	1,185,075

TOTAL

	44,825,285	49,098,977	56,424,708
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LIABILITIES

DEPOSITS.....	38,010,230	41,915,044	48,994,390
ACCOUNTS PAYABLE.....	410,773	408,448	385,948
RESERVE.....	476,762	476,763	476,763
OTHER RESERVE.....	234,194	142,853	91,839
UNDIVIDED RESERVE.....	5,693,326	6,155,869	6,475,768

TOTAL

	44,825,285	49,098,977	56,424,708
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NO. OF MEMBERS.....	14,266	14,735	15,324
NO. OF LOANS.....	4,408	3,208	4,760
LOANS YR. TO DATE.....	16,024,490	16,634,362	22,159,950
AMOUNT OF CHARGE OFFS.....	155,132	105,441	229,489
DIVIDENDS PAID.....	577,757	498,218	336,305

Audit Committee Report

The verification of accounts was performed by the audit committee in October of 2009. No exceptions have been noted at this time.

Audit Committee Chairman
/s/ Nancy Thompson

HATCU Board and Committee Members

BOARD MEMBER

Expiration of Term

Connie Cavazos.....	2010
Sherilyn Durham.....	2010
David Jones.....	2010
Emma McCall.....	2010
Sue Bennett.....	2011
Joe Montemayor.....	2011
David Batot.....	2011
Michael Tamayo.....	2012
Connie Snakenberg.....	2012



AUDIT COMMITTEE

Elizabeth Martinez ★ Nancy Thompson



CREDIT COMMITTEE

Leonard Leal ★ Carl Leatherman ★ Cesar Morales

NOMINATING COMMITTEE

Joyce Aguirre ★ Susan Davis ★ Marvin Huckle

