

DEFENSE CONTRACTS SOUTH FEDERAL CREDIT UNION

QUARTERLY NEWSLETTER

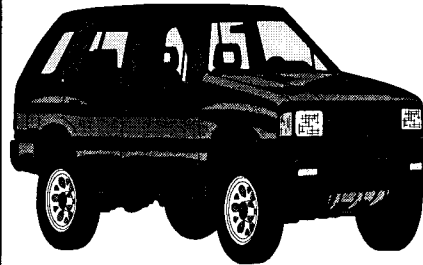
July 1, 2001

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 1200 MAIN STREET, SUITE 240 DALLAS, TEXAS 75202 VISIT THE WEB SITE 24 HOURS A DAY: <http://www.dcsfcu.com>

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New Car Loan Rates Reduced

Term	Rate
4 Years	6.10 %
5 Years	6.60 %
6 Years	7.25 %



MBI WARRANTIES ARE AVAILABLE

Mechanical Breakdown Insurance warranties can be purchased at the Credit Union at a substantial discount from the dealer prices. Auto warranties have one of the largest markups at a dealership and the price is highly negotiable. Compare our prices and save. A quote can be done over the phone and faxed to you to compare with the dealer's offer.

Experience Counts: The Credit Union would like to recognize the staff for their many years of dedicated service to the field of membership. The average employee tenure is currently over 12 years. Each employee is highly trained and dedicated to providing the highest level of service for the field of membership.

Employee	Tenure	Employee	Tenure
Diane Mihalyi	20 Years	Billy Edwards	9 Years
Marcia Bauer	20 Years	Sandra Torres	3 Years
Linda Hansen	11 Years	Average Tenure	12.6 Years

DIVIDENDS

Your Board of Directors declared the dividend for the second quarter as follows:

DIVIDEND RATE AND ANNUAL PERCENTAGE YIELD (APY)

BALANCES BETWEEN	RATE	APY
\$25.00 — \$499.99	2.50	2.52
\$500.00 — \$1,999.99	3.50	3.55
OVER \$2,000.00	4.50	4.58

Note: The annual percentage yield is a percentage rate that shows the total amount of dividends, based on the dividend rate and the frequency of compounding for a 365-day period. Dividends are figured on date of deposit to date of withdrawal basis.

Deposit Limit: The limit on deposits remains at \$2000.00 per account per calendar month.

FAMILY MEMBERS ARE NOW ELIGIBLE TO JOIN THE CREDIT UNION AND ENJOY THE MEMBERSHIP BENEFITS

CREDIT UNION STATISTICS

AS OF MAY 31, 2001

MEMBERS	2,541
ASSETS	\$27,209,950.42
SHARES	\$23,628,029.75
LOANS	\$9,380,560.86
CAPITAL	\$3,349,356.61

Bi-Annual Verification of Accounts: The Supervisory Committee will mail all statements this quarter as they are doing the account verification required every two years. If you have questions or comments about your statement, please direct them to the Supervisory Committee at the address below:

Ray Beran:
 Chairman, Supervisory Committee
 DCM Dallas - GBTA
 1200 Main Street
 Dallas, TX 75202

LOAN RATES REDUCED: SEE REVERSE