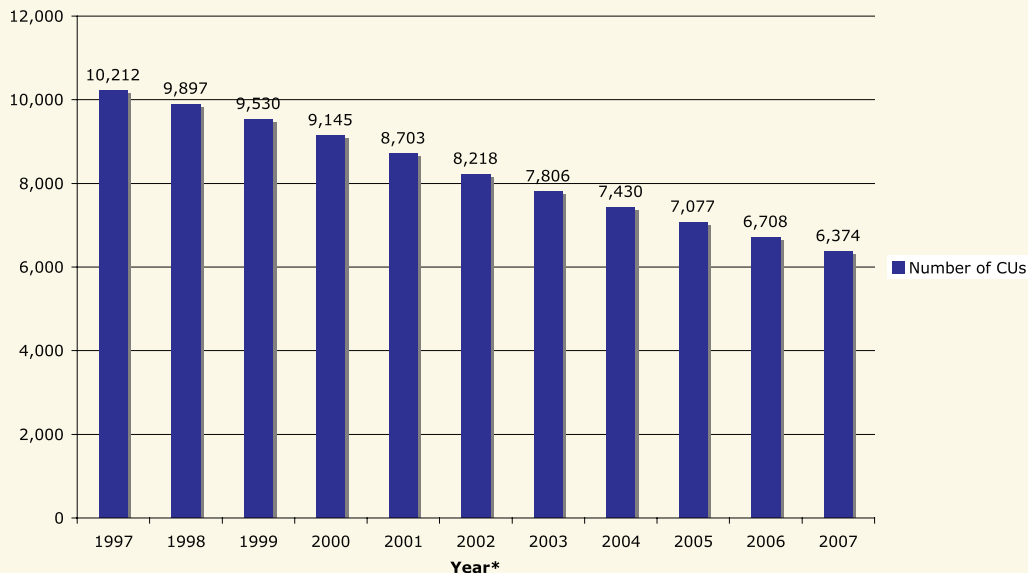


CREDIT UNION TIMES

SMALL CREDIT UNIONS:

Can they Survive and Thrive?

Disappearing Act: Credit Unions Under \$50 Million As of June 30, 2007



Source: Callahan & Associates

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Small Credit Unions Can Survive, But They Need to Seek Help

Everyone who follows credit unions sees that small credit unions are disappearing very rapidly. Credit unions in general have consolidated from a number once over 20,000 to just over 8,500 today, and no segment has been hit harder than small credit unions.

Small credit unions in particular are having difficulty thriving in today's market given the heavy compliance burdens they face, shrinking margins, lack of marketing dollars, and increased competition from old and new players.

Small credit unions also face talent problems. In many of them, there is one leader doing the job of many. When that leader retires or leaves, the credit union disappears.

From all accounts, things don't look good for small credit unions, however that's not the end of

the story. Fortunately, credit unions have more resources and options than ever before. Many credit union organizations, including the three sponsors of this small credit union piece—CUNA Mutual, WesCorp and Fidelity Information Services/CSCU—have special offerings to help small credit unions stay competitive.

Small credit unions can call on CUSOs, leagues, associations, and large credit unions to help support them. The problem is that small credit unions often aren't aware of all the resources out there.

Credit Union Times continues to be a leading resource for informing small credit union leaders about movement resources that can help them not only survive, but thrive. We are constantly writing about small credit union issues and small

credit union initiatives.

We are doing it again with this special small credit union insert. In it you will find stories that highlight how small credit unions can succeed in key areas such as technology, marketing, credit cards, and more. We hope you not only enjoy this piece, but also find it valuable.



Paul Gentile
Editor
Credit Union Times

Making Essentials Easier Smaller Credit Unions Have a Number of Options for Card Issuing

By DAVID MORRISON
CU Times Staff Reporter

ARLINGTON, Va. — Smaller credit unions face a singular problem when it comes to payments in the early 21st century.

On the one hand changes among their members and in the overall marketplace have made it steadily more important to offer credit and debit cards while, on the other hand, the business of issuing and protecting those cards grows steadily more complicated and daunting.

But while the problems facing smaller credit unions seeking to issue cards have not diminished, the credit union industry also offers several different avenues that smaller credit unions can use to be able to affordably offer their members the plastic access they require.

Perhaps the biggest program available is called Apollo, an agent-issuing program offered by the Illinois Credit Union League Service Corporation. Under Apollo, small credit unions are able to start issuing their members credit cards without a lot of the back office headaches that have come to require greater card program organization.

Credit unions issuing through Apollo enter into an "agent" program with ICUL in that ICUL owns the Batch Identification Numbers and divides them up among the participating CUs, but unlike most of what are called "agent" programs today the CU funds the loans and owns the portfolio.

"Back when we started the program in 1989 the term agent meant the BIN affiliation," explained Karen Duffy, ICUL senior vice president. "But since the terms have changed and we want to make clear that all our Apollo credit unions own their portfolios."

According to George Fiegler, chief operating officer for the Service Corporation, some 407 credit unions nationwide issue through Apollo and 41 state leagues in the country support it and have signed marketing agreements for it. Since ICUL designed the program for small credit unions in 1989, it has proved popular with small CUs, particularly because they can break even on the program with as little as 50 credit card accounts and that the credit unions net about \$14 per account per month.

"This can allow smaller credit unions to both

serve their members in a cost effective way and build an enhanced asset," Fiegler said. "Further, smaller CUs can also upgrade the programs to platinum and offer a rewards program as well as the program matures," Fiegler said.

Fiegler said the number of credit unions that have started using Apollo even though they were not particularly small or have remained with the program as they have grown is an indication of how diverse the program's appeal has been, but it is still the smaller credit unions where the biggest impact has been felt. "Small credit unions need profitable loans," Fiegler said, "and we have had credit unions tell us that Apollo is our bottom line."

According to ICUL, a credit union can get started on Apollo for less than \$2,000.

Apollo's ongoing success helped convince ICUL to start CU Check, a program that allows credit unions of as little as \$2 million in asset size to offer their members access to almost 400,000 ATMs in the U.S. as well as all ATMs that display a Visa logo. The program also serves as a debit card program as well, according to Duffy, though it does not mirror the Apollo program in that Apollo processes on a Fidelity National Information Services platform while CU Check also processes on First Data Corp and Fiserv as well.

ICUL said 572 credit unions of all sizes participate in CU Check and over 1,500 CUs nationwide participate in the firm's gift card program. ICUL is not the only option open to small CUs either, though Apollo appears to be the only one designed for smaller CUs.

Covera, the card processing arm of the New York Credit Union League, offers a program called Card in A Box that presents a similar approach to starting a card program where a lot of the start up challenges of different kinds of cards can be easily addressed, according to Kim McCumber, vice president with Covera. In addition, PSCU Financial Services and TNB Card Services, both processing cards on the First Data program, each said they work with credit unions of all sizes to help them start the card programs they will find most useful.

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Credit Cards

Testimonial

"For years, we've offered members a Classic Visa through FIS, but it had been a long time since we evaluated its competitiveness. We even considered selling.

That's when we turned to CSCU, a not-for-profit association representing credit unions processing through FIS. Through their FREE portfolio analysis and consultation, we identified key growth opportunities. We also learned that when members use your card, they are also more likely to use other services.

Armed with that information, we are now executing several of CSCU's recommendations including: credit line increases, platinum upgrades, rewards, and risk-based pricing.

Do we sell or keep our credit card portfolio? Thanks to CSCU and FIS, that question has been clearly answered. We will keep and grow our portfolio."

LeRoy Wilder
New Horizons CU
President/CEO
Cincinnati

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CSCU
Card Services For Credit Unions

High Tech is the Big Equalizer for Small Credit Unions

By MARC RAPPORT

CU Times Technology Correspondent

CHATTANOOGA, Tenn. — Members of Memorial Credit Union can do about anything the typical American consumer needs to at his or her primary financial institution: cash a check, invest in a CD or IRA, get a credit or debit card, borrow money for a home or a car, bank online anytime from anywhere.

Only thing is, this is an \$8 million financial institution with 3,500 members, so small that most of them are a familiar face to the handful of employees who service them from the small CU's two locations.

How do they do that?

"Without technology, we'd be nothing," said Carol Underwood, CEO of Memorial CU, whose primary SEG is Memorial Health Care Systems, including the big Chattanooga hospital that hosts the main office. "Can you imagine sitting here posting about \$450,000 in ACH manually? We do that every two weeks for our main hospital and it only takes five to 10 minutes."

Underwood's credit union is running on an in-house CubicsPlus core system from IntegraSys. Easy add-ons allow her to add products and services while automated backups and authentication tools, all automatically updated, help the CU stay compliant with ever-changing regulations.

"The technology really improved a couple years ago and now it just keeps getting better," she said.

What happened a couple years ago is that IntegraSys, like many other software services providers, adopted the Microsoft .NET framework, in this case rewriting the venerable Cubics platform for small credit unions and coming out with CubicsPlus.

"That's helped us in two ways," said Dave Campbell, business line president for CubicsPlus. "It allows us to develop much faster than we could in the old DOS platform, of course, and it also allows us to integrate a lot of ancillary products so that our CubicsPlus clients can now have access to them."

Technology

IntegraSys also uses ubiquitous programming and architecture standards like those in Microsoft .NET to create efficiencies across the variety of core platforms it offers its core processing client base of more than 700 credit union clients, Campbell said.

"That way we can share the development costs across all our core platforms, so the small and mid-size credit unions don't have to pick up the cost of developing products just for them. We share those costs across our entire client base," he said.

The result is that the 200 or so small credit unions running CubicsPlus "have the whole electronic delivery channel open to them—home banking, bill pay, ATM/debit—all those services that allow a small credit to compete with any size institution, through the same access point—the Internet—as any other financial institution," Campbell says.

Of course, some support is required, he adds.

"It's not like we shrink-wrap this software and send it overnight express and tell them, 'Call us if you need anything,'" the IntegraSys executive said. "Our installation and support teams hold their hands through the process of setting products up and making sure they work properly."

"But on the other hand, these small credit unions often only have one or two or three staff members, so the CEO is often the member service rep and the IT guy, too, and they tend to be pretty capable of handling things. They're used to running programs, backing up files, and they're not scared of technology."

They can't be.

"There are only three of us, and we all do a little bit of everything," said Andrew Godfrey, manager of Cheektowaga Central Federal Credit Union in suburban Buffalo, N.Y., another CubicsPlus client.

Operating out of an office in a business park, the \$6.9 million CU offers its 1,065 members a range of products that include online banking, audio response, debit cards and ATM service through the Allpoint network, and a loan product lineup that includes mort-

gage and home equity, and even basic business checking accounts.

"When I talk to other credit union people, they're surprised at our size and ask how we're able to do it with only three people," Godfrey said.

"It's because the system we're on is really user friendly and affordable and I can get what I need from them without having to work with four or five other companies."

Godfrey has been with the credit union for 13 years, since he was 23 years old, and his two employees are his mother and his aunt, both long-time employees themselves. In fact, their father, Donald Moyce, helped found the credit union in 1959 and was its manager until his passing in 1995.

Godfrey is confident that technology can help their little credit union serve a new generation of members: Those he expects to join once Cheektowaga Central FCU gets the community charter it plans to seek.

"People walk by and ask if they can join, and most can't," Godfrey said. "Once they can, we'll be able to grow with them because of the ease of using this system. We can add the services we need to."

He's not alone in feeling size is no longer an impediment to adding leading-edge solutions that are becoming expected standard fare.

For example, among the CubicsPlus client base of about 200 credit unions, the largest with less than 8,000 members, about 40 are now doing home banking through the Fiserv unit's Virtual Branch solution while a similar number are using the company's integrated loan origination system.

"The way it is now, small credit unions can offer their members the same products and services as big institutions, plus they have a real strategic advantage," said Campbell, the CubicsPlus president. "They know their members' first names."

"Anytime you can build a personal relationship with someone like that, you're well on your way to being their primary financial institution."

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Biggest Marketing Bang Makes Most of Creativity, Outreach Efforts

By MYRIAM DIGIOVANNI

CU Times Senior Staff Reporter

SHREWSBURY, N.J. — When it comes to getting the word out about your credit union size doesn't have to matter.

The right creative strategy can be a great equalizer in the marketing field.

"Get out there. Face-to-face time is more valuable than big corporate sponsorship checks," said Carolina Postal Credit Union Marketing/Business Development Vice President Deb McLean.

She said the point has been driven home several times during her career. At a previous credit union, participation in Bank of America sponsored Latino Festivals generated hundreds of business leads.

"We spent just a few hundred dollars for the booth, a few balloons and our soccer ball giveaways," said McLean. "And here we were at this event that Bank of America threw thousands of dollars to have that top spot on banners and all that but not one single representative was there. Our booth was swamped with people wanting to learn more about us, our products and services. It's a great way to just show how credit unions are different."

McLean says making those connections with the community, having that word-of-mouth spread

Marketing

is better than any campaign because the credit union's actions are what resonate with members and potential members alike. She advises volunteering your time to speak at a variety of events. For example she took the opportunity to teach a workshop on how to get out of debt at an all day *Women and Money* event underwritten by a number of benefactors

including major sponsor Wachovia Bank.

As part of the speaking deal her credit union got a free table in the exhibit hall during the event. The only cost was the salary for the three staffers behind the table.

"Wachovia did a great thing by making it a free event for women to attend and the lunch they provided was delicious but they didn't teach one workshop," said McLean. "Talk about a missed opportunity! After the workshop our little table was packed with people signing up to be a member or just asking us questions. No one stopped by the Wachovia table and their representative left after just two hours. We were swamped right to the end."

She says the initial contact is the easy part—the follow through is what will turn contacts into member relationships.

A month after the outreach event have someone go through the contact list and just give them a simple call letting them know you are touching base

and available to answer any questions, says McLean.

"You'd be surprised how many people call back saying I wanted to ask you about something which can lead to more fully penetrating accounts," said McLean. "Just putting in the face-to-face time makes a big impression and pays off."

As CEO of three California-based small credit unions Mattel FCU, City of Downey FCU and CalCom FCU Jon Hernandez says in addition to getting out in the community partnering with other credit unions can help further stretch those marketing dollars.

What's been working at his credit unions has been co-op marketing with other credit unions at an ad agency for cost savings. The company prepares their newsletters, inserts and postcards with a consistent concept for message retention.

"The looks are similar but the messages somewhat vary depending on what's going on with each credit union at the time," said Hernandez. "We also do our best to use photos of our actual members and talk about events because members enjoy seeing themselves or their friends in the marketing materials. It reinforces our connection with our members."

Looking ahead, Hernandez says in addition to its relationship with the Ad agency he is hoping to hire a marketing specialist to be shared by multiple credit unions.

"We also plan on really featuring members more on our newsletters with their newly financed vehicles or pictures from their vacation we helped finance," said Hernandez.

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Size Not An Issue, Relationships Must Be Earned for Smaller Credit Unions Considering Business Services, Loans

By MICHELLE A. SAMAAD
CU Times Staff Reporter

ENUMCLAW, Wash. — Nearly 20 years ago, loggers looking for loans to purchase tractor trailers to help run their businesses were all the rage at White River Credit Union.

The \$38 million credit union, located 50 miles southeast of Seattle, got its first small taste of business lending back then, but has since evolved to offering its more diverse membership a full business services program that includes larger loans, business deposits and the occasional dabble in loan participations, said Linda Kleppe-Olson, president/CEO of White River. The size of the credit union, which originally got its start in a local mill and now serves 5,305 members, has never been a factor in being able to build a business services program.

"Members were asking for it, especially those that had small business services at other financial institutions and were complaining about the pretty steep costs," said Kleppe-Olson, who has been with White River since 1987.



With a \$55,000 loan, American Partners FCU helped three members launch a real estate company. Pictured here is one of several homes the small business moved and fixed up for people looking for affordable housing. Also pictured are Heather Thore, director of branch operations and Susan Justice, account specialist at American Partners.

Quite frankly, White River just didn't have the salary to bring a commercial lending executive in house so the credit union chose to link up with CU Business Group in 2003, Kleppe-Olson said.

Going with an established CUSO helped White River to have experts on hand to do the underwriting and cash flow analysis and offer an array of checking accounts and credit cards.

Today, there are \$1.6 million in business loans on the books and nearly \$1.7 million in business deposits. Most of the business loans are in the \$150,000 to \$300,000 range with the biggest topping out at \$400,000. The numbers might be conservative, but Kleppe-Olson said the decision was made early on to grow cautiously.

"We're very conservative," she pointed out.

White River owns mortgages on several buildings in Enumclaw, a town of 11,000, and has provided financing for an online Christian publishing company, several hair salons, a gun store, a motorcycle parts maker and a small car dealership.

Kleppe-Olson said she doesn't get caught up in the limitations that some smaller credit unions place on their operations, dismissing critics who believe larger credit unions are taking away market share.

"Small credit unions sometimes get on this thing that 'big credit unions are taking our members away,'" she lamented. "If [members] are getting a better deal somewhere else, that's where they're going to go and that is their choice. They're really not

your members. We have to earn primary financial institution [status] from them."

Meanwhile, being a smaller credit union and offering business loans and services does have its challenges, Kleppe-Olson said. For one, the state of Washington has a 5% of assets cap on business loans for state

Business Lending

chartered credit unions. That limit restricts any type of full-fledged marketing White River may want to do. The credit union is pretty close to the 5% cap and will be applying to the regulator for a waiver.

Another challenge has been doing loan participations with credit unions or businesses that are not in the immediate geographic area. Washington state's financial services regulator was "really nervous" about White River entering into a loan participation with a business that was more than 50 miles away, Kleppe-Olson recalled. She personally made a visit to the development and subsequently, White River made "a lot of money on the loan." Still, the Washington Department of Financial Institutions "didn't like it." And some of the regulator's apprehension may be tied to the subprime fallout currently having an impact on all kinds of loans, Kleppe-Olson reasoned.

"Part of the battle is there are not a lot of smaller credit unions doing business loans," Kleppe-Olson said. "We know our members, we've never took a loss. It's not like we're in downtown Seattle or New York. Knowing who your members are helps."

Having a strong acquaintance with members has helped \$52 million American Partners Federal Credit Union enter into unique business lending arrangements. Three members wanted to do mission work for their local church, which was in the process of expanding. Another church looking to refurbish its surrounding area had property that contained several homes. That church told the three members they could have the homes if they physically moved them off the lot. American Partners provided a \$55,000 loan to the members to launch Q-3 Development, a real estate company. Once moved to their church's grounds, the homes were fixed up and made available for purchase, said Dorinda Edwards, president/CEO of American Partners.

"This was like mission work because the homes were sold to people who otherwise couldn't afford expensive homes," said Edwards, adding that all profits from the sales were put back into the church to expand.

American Partners rolled out its business services and lending program in 2004 through CU Business Group. It has nearly \$825,000 in business loans ranging from under \$20,000 to its largest, \$250,000. There are 25 business accounts and 50% of small business members have business credit cards.

Like most credit unions, members were asking for business services, Edwards said. American Partners was originally chartered to serve a tobacco company, but when it closed, some former employees started their own small businesses. The credit union changed direction too, adding investments, and now serves 130 select employee groups.

And like some credit unions both big and small, the biggest barrier to offering business lending was not being able to afford to bring someone in with the needed expertise, Edwards said. Partnering with a CUSO helped with training, marketing and offering just the right products, said Heather Thore, director of branch operations at American Partners.

"I think a lot of it comes from the loyalty of the membership," Thore said on the results of the partnership. "Some of them have come to us because they're experiencing high charges for service accounts at

other financial institutions."

Edwards echoed the benefits of a CUSO partnership.

"Sometimes you might want to do smaller loans in house that are considered business loans [by NCUA's member business standards] and they'll still help us out," Edwards said. "We also get help with participation loans—bigger loans that we just can't do [on our own]."

Despite that affinity, it has still been a challenge to market business services, Edwards said. Because American Partners is SEG based, "the community cannot just walk through the door" and the reality is "not everyone is interested."

"Unless the business owner happens to hear about it—it's mostly word of mouth," Edwards said. "When we started out, we decided to go at a slow pace but now word is spreading."

To both small and large credit unions still on the fence about offering business services and loans, Edwards said the consequences can come back to haunt.

"They're missing out on an opportunity," she said. "Small business owners want a relationship. They want to be able to talk about ideas. They want a partner and credit unions can offer that."

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Providing 'Dose Of Reality' May Help Small Credit Unions Fare Better

PORTLAND, Ore. — For those smaller credit unions that are ready to take the plunge into business services and lending, a heaping "dose of reality" early on may set the foundation for the best ways to serve members.

"The common thing among smaller credit unions is launching a program," said Larry Middleman, president/CEO of CU Business Group, a CUSO providing business services and lending to credit unions. "You're going to talk to a lot of members, people with start-up businesses and folks that have been everywhere else but weren't able to get that loan and they're now at your credit union."

Those myriad of conversations can be overwhelming, but sometimes, simple is best, Middleman advised.

"I'll say for a credit union your size, be satisfied with a vehicle loan and credit card type loans or focus on income property loans—think smaller," Middleman said. "You can see their confidence level increase."

Another advantage for smaller credit unions is commercial banks "aren't jumping" on certain size loans creating a growing niche to target micro and similar sized businesses. Middleman said business loans still are not the prominent line of service among smaller credit unions as most consider the consumer side to be the bread and butter.

"But the crumbs are flaking away," Middleman said on consumer loans.

To that end, CU Business Group has ramped up its courses and workshops for credit union staff "to be more effective on the front end." One third of the CUSO's 250 credit union clients have less than \$50 million in assets.

"There are a wider variety of people looking to be more acclimated to doing a better job," Middleman said.

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Trades and Regulators Work to Ensure Small CU Survival

By SARAH SNELL COOKE

CU Times Senior Washington Reporter

WASHINGTON — When Mike Swanka made the shift from the banking industry to credit unions three years ago, it was bit of a culture shock.

"One thing I was kind of shocked about was how much help you get from the credit unions...You don't see that in the banking world," the CEO of \$8.6 million Providers Credit Union said.

Formerly P&C Federal Credit Union, when the single sponsor went away, the credit union had not even considered a community charter until New York State Credit Union League Growth and Development Specialist Marge Kazz asked about it. The league had contacted Swanka about its "Making the Strategic Connection" seminars, which are aimed to help smaller credit unions with their strategic planning.



KAZZ



JAMES



CORBIN



MELLIN



SWANKA

The New York Credit Union Foundation even footed the bill with a grant to Providers.

"We work with our foundation for planning programs for smaller credit unions," Kazz explained, whether it is concerning strategic planning, forecasts, marketing or membership growth. So far in 2007, Providers has received about \$12,000 from the foundation, according to Swanka; last year the foundation footed the bill for 11 credit unions under \$10 million in assets.

"This program kind of helped us see what we needed to do," Swanka said. Kazz was with Providers hand-in-hand through the conversion to a community charter, he said. He also uses the league for other resources from compliance to help surveying the membership to determine what services members want.

Between the new community charter, a new building with a drive up ATM—which the survey found was a must they had not been planning on, and some tweaking of loan and savings products, the credit union has grown from \$7.7 million in assets to \$8.6 million in assets in just over a year. Whereas the credit union's membership had been declining over the last two years to 2,300, it has now gained 57 new members. Swanka also gave credit to the league's Central New York Chapter, Empower Federal Credit Union, and Syracuse Federal Credit Union.

In October, NYSCUL was scheduled to hold a roundtable for credit unions of up to \$50 million in assets with speakers on topics selected by the CEOs. "They really like the open dialogue and networking," Kazz said.

"My personal goal is to try to keep every credit union around that wants to be around," NYSCUL Bill Mellin, who came up with the roundtable initiative, commented.

Bill Kennedy has been in the credit union movement 23 years and over much of that time he has been a member of NAFCU. He called former CEO Ken Robinson a mentor of his. Last year he decided that his newest challenge would be to build a credit union from scratch and, on April 20, 2006, SC Firefighters Federal Credit Union opened its doors. Since June 2006, the credit union has grown from

\$262,189 in assets to \$2.3 million as of June 2007 and has made \$2.6 million in loans.

As a new, small credit union he was able to join NAFCU at reduced fees and, to start with NAFCU Director of Membership Lauren Corbin went out one-on-one to find a larger member to sponsor SC Firefighters for the trade association's Webcasts and Webinars. "Our larger members want to make sure our smaller members are well-versed and thrive," Corbin said.

Starting in 2007, all of the Webcasts are free to credit unions under \$10 million in assets. "Education is really important," Kennedy explained. "When you've been a CEO, you don't get into the nitty-gritty of it. You're aware of it, but you don't know it." With

a 3-person shop, you do not have much choice but to roll up your sleeves.

A local mid-size (\$25-\$120M) credit union roundtable, facilitated by NAFCU and CUNA Mutual and local corporates, has been "very, very helpful."

Corbin observed, "That networking venue can't be stressed enough." Miami University Community Credit Union President/CEO Rick Parker seconded that, which is why he traveled to the meeting in the Carolinas to bring the idea back to the Midwest.

This is the fourth program Parker has helped put together and topics of discussion, selected by the CEOs, for the Ohio-Indiana-Kentucky roundtable include CUSOs for collaboration, credit card fraud, and how not to be a merger candidate, among others. Miami University has even given the group permission to use its name to promote the program.

"Unfortunately when you're a CEO of a small to mid-size credit union, you work a lot of hours. This project is a lot of time but it's critical...The learning and sharing that comes back to me is priceless," Parker said.

"I left a very large credit union to come to Miami University," Parker said. It was then \$5 million in assets. Now, in his 11th year there, the credit union as \$37 million in assets, three locations, 13 full-time staff members plus five student interns. Miami University, through August of this year, has experienced 11% asset growth, 11% share growth, 7% capital growth, and 2.5% membership growth—all while being mindful not to actively market to the potential members of the smaller student-run credit union on campus.

"What I attribute that success to is first of all having a phenomenal board that allowed a professional management team to run the credit union with board oversight," he said. "We've significantly expanded our products and services through partnership with other credit unions." Finally, he credited his staff.

Kennedy found other resources as well from within and outside the credit union community. The South Carolina Credit Union League "helped us with our strategic planning. They've just been a tremendous resource for us." The league allowed free attendance for any of the programs in the SC

Firefighters first year of existence and four free conference trainings since then.

Additionally, with nine firefighters perished in Charleston, several firefighter credit unions banded together to allow SC Firefighters to present the nine families with \$29,000. "There's a very tight bond between firefighter credit unions."

In the last several weeks, NCUA has sent an economic development specialist to work with the credit union on strategic planning, economic forecasts, disaster recovery, and loan policy. While SC Firefighters was turned down for low-income designation by zip code, the EDS suggested trying to re-apply via its loan approvals, 59% of which are low-income.

Aside from the EDS program, NCUA Office of Small Credit Union Initiatives Director Tawana James said the agency also provides small credit union workshops throughout the country all year long, offers grants and loans through the Community Development Revolving

Loan Fund to LICUs, and the new Resource Connection at www.NCUA.gov, which is available to all credit unions but may be of particular importance for smaller credit unions. NCUA is also looking at offering Webcasts.

Sharon Davidson, president/CEO of \$12.5 million Dyersburg Credit Union, said the scholarships her credit union has received over the last couple of years to attend CUNA's Center for Professional Development Online have been invaluable; more than 600 credit unions have received the scholarships of up to \$3,000. "We have 10 employees and our employees are required to take at least one course per quarter," she explained. Superior knowledge and service is critical, she explained, given that her credit union is the only one for three counties.

And being such a small credit union, providing training for 10 employees at cost and off-site, not to mention down time, would be out of the question. "It's just something that has been a blessing for us," she said.

While Davidson eagerly accepts help from the trade groups, she is somewhat mistrustful of the larger credit unions. She said Dyersburg has never been approached about merging and when asked if the credit union would accept if it were proposed, she responded, "Lord no!" Davidson said, "We do it to benefit the members. What better benefit can you give them than the people they know, the board they know and the location they know?"

Her credit union changed locations in the small rural area of Tennessee, boosted advertising, and converted to a community charter, which has helped it grow from \$10 million to \$12.5 million over the last four years. The credit union has three branded ATMs with a fourth one coming and has even partnered with a local bank for members' free use of their 11 ATMs.

Kennedy said he could understand the reluctance of some smaller credit unions to seeking help from larger ones as they often want access to your records to provide the assistance. However, he added, "I'm looking at the help they're offering me as truly a gift."

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