

# California Credit Union League El Camino Chapter

*Serving Credit Unions on the San Francisco Peninsula*

## **What is a Credit Union?**

A non profit financial co-operative whose members are united by a common bond of association and democratically operate the credit union under state or federal regulation. As of December, 2009, there were 7,708 credit unions in the United States. About 455 of these are in California. Of the 91.1 million credit union members nationwide, almost 10 million are in California.

## **Are Credit Unions Safe?**

Like other financial institutions, credit unions are closely regulated. Historically, they have operated in a very prudent manner. The National Credit Union Share Insurance Fund (NCUSIF), administered by an agency of the federal government, insures deposits of credit union members at federal and state credit unions nationwide. Deposits up to \$250,000 per member are insured. Likewise, accounts are insured for up to \$250,000 or more in state-chartered credit unions covered by certain private insurance programs. Of the federal deposit insurance funds, the NCUSIF has had the strongest equity-to-insured risk ratio over the last decade.

**Not one penny of any insured savings has ever been lost by a member** of a federally insured credit union.

## **What Are The Advantages Of Credit Unions?**

Credit unions exist only to serve their member-owners. Surveys repeatedly show members are more satisfied with the service they receive from their credit union than customers of banks or savings and loans are with their institutions. Because credit unions are democratic, member-owned cooperatives, members have the power to direct credit union policy. If the majority of members are dissatisfied with the directors who set the policies of their credit union, they have the power to replace them. Credit union elections are based on a one-member, one-vote structure. This structure is in contrast to for-profit, public companies where stockholders vote according to the number of shares they own. Their nonprofit status enables credit unions to operate at a lower cost than many for-profit institutions and helps them to offer competitive loan and savings rates. For instance, credit unions usually charge lower interest on credit cards than most other providers, and many credit unions charge no annual card fee.

## **Can Anyone Join A Credit Union?**

**Members of each credit union must share a "common bond,"** such as the same workplace, church, fraternal organization, or community.

## **Who are the members of the El Camino Chapter of the California Credit Union League?**

El Camino Chapter's credit unions are mostly located in San

## **What Services Are Offered By Credit Unions?**

Credit unions offer a large range of services, depending on the services a particular credit union's members demand. They can range from a "plain vanilla" credit union that simply offers shares (deposits) and loans; to a full-service credit union that serves as its members' primary financial institution, with checking accounts, credit cards, and some of the more complex loan types. Most credit unions offer share certificates, auto loans, and signature loans; many offer share drafts (checking accounts), home equity loans, home mortgage loans, credit, ATM and debit cards; and some offer financial planning, individual retirement accounts, mutual funds, and small business loans as well.

## **What Makes Credit Unions Unique?**

In credit unions, **the members are the owners.** They

Mateo County, some in Palo Alto. The Chapter represents 17 Credit Unions headquartered there, that serve over 363,000 credit union members and hold over \$5.1 billion of their assets (this amount does not include the assets of six credit unions headquartered elsewhere that have branches in the area-that's a portion of another 616,503 members). Individual credit unions located within our Chapter boundaries range in size from the largest at almost \$2.4 billion in assets, with over 156,000 members, to the smallest with \$1.7 million in assets and 540 members. Regardless of size, all our credit unions provide low cost financial services to the people living and/or working in our community. And they are all guided by the credit union philosophy of "people helping people". Regardless of size, we all exist for the benefit of our members, everyday people that live next door and work with you and I. Our Boards are volunteer members elected by those they serve.

We are non profit financial cooperatives, and each credit union was formed by the group they originally served to provide financial services to people who found it difficult, if not impossible, to get the small loans they needed sometimes just to make ends meet. People who had money to save deposited it into their credit union, and their co-workers who needed money to get by or get through some emergency, borrowed those saved dollars. Quite simply, the interest paid on the loan provided earnings to savers and the little bit left over paid the credit union's expenses and funded reserves to ensure the credit union's safety and soundness.

Although credit unions are forced to be far more complex in today's world, in the way of services, their principle purpose and philosophy remains the same today as it did back in the 50's and earlier when most credit unions were founded in our area.

## **What Types of State Legislature Issues do Credit Unions get concerned with?**

***Our Credit Unions and the California Credit Union League, actively work with the State Legislature on issues impacting our members and credit union operations. During your term as an elected official, we will work to keep you informed about issues we support or are concerned with and hope you will reach out to our Chapter Legislative Advocate whenever you find a piece of Legislation you know we may be concerned with.***

*This year, we are particularly concerned with legislation addressing foreclosure procedures, and support legislation addressing financial literacy and tax relief for foreclosed upon members. Our hearts reach out to members who have been negatively impacted by this horrendous downturn in our economy, particularly those struggling to keep their homes. We do all we can to work with our members to find solutions. While not always successful, we do what we can to reach out to help. We did not cause this financial crisis, but work hard to be part of the solution.*

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are treated like owners, and the benefits of ownership flow back to them, usually in the form of better rates on deposits or loans and better service. Regardless of size, complexity, or field of membership (those they've been permitted to serve), credit unions are different than for-profit financial institutions. **Credit unions exist solely to serve their member-owners** who are the only depositors. Banks and other financial institutions exist to make money for their stockholders, not their depositors.

The cooperative nature of credit unions reaches out beyond the walls of each credit union. In the credit union movement, the cooperative spirit frequently extends the hand of one credit union to another. And we don't just help our members and each other. Most credit unions reach out our hand as well to people in need, living in our communities, without being required to do so by law or regulation ...it's just the way we are.