

**By Chris Lee**

***The Holyoke Enterprise***

Another solid year was reported by staff and members at the Holyoke and Imperial Community Federal Credit Union Meeting held Monday, Feb. 15.

Annual numbers and updates for 2009 at Holyoke Community Federal Credit Union (HCFCU) were presented to members.

Net income for both the Holyoke and Imperial offices was \$94,784.64. The Holyoke office had a net income of \$63,428.54 before bonus dividends and interest refunds were paid and \$53,816.88 after. Imperial had a net income of \$43,096.39 before and \$40,967.76 after.

It was the eighth consecutive year the Imperial office showed a positive net income. 2009 was the 10th full year of operation for the Imperial branch.

**President explains issues**

HCFCU President Ron Goldenstein said the economy and the financial structure have undergone vast changes in the past year or two. The credit union system has not been totally immune to some of the problems, he said.

The National Credit Union Share Insurance Fund (NCUSIF) is the fund that insures member deposits. Just like the FDIC, all credit union member deposits are insured up to \$250,000 per account by the federal government. And just like the FDIC, the credit union's insurance fund struggled this past year.

Goldenstein said arrangements have been made to shore up the NCUSIF. Credit unions themselves are paying the cost involved in the process. The cost to HCFCU in 2009 was \$36,884. He said they will be required to contribute a similar amount over the next six years.

Another area impacting credit unions in 2009 had to do with the corporate credit union system. Corporate credit unions are set up to serve the financial needs of individual credit unions. The checking account is set up with Suncorp in Westminster. All of the share drafts, ACH, debit cards, ATM and other funds clear through the account at Suncorp.

In addition, credit unions are strongly encouraged to invest in paid-in capital and membership shares with Suncorp. To participate, credit unions are required to place one percent of their insurable shares with Suncorp. In turn, the corporate credit unions reinvest the pool of money with Corporate Central Credit Union (CCCU).

Due to the large amount of funds in deposit with CCCU, there was no place they could deposit the money where it would be insured. So they placed a large portion of the funds in Triple A rated bonds.

"We all know what happened to the bond market over the past year or so," Goldenstein said.

So those credit unions with funds invested in membership and paid-in capital in the CCCU lost a majority of that money.

"Holyoke Credit Union is the only exception that I am aware of that dodged this bullet," Goldenstein said.

In 1998 HCFCU received a disclosure from Suncorp basically saying they were financially troubled. The membership shares invested were at risk.

Goldenstein said they would be at the bottom of the heap and used a milkman as an example of someone who would get their money before the credit unions. In the disclosure it was stated they could only take out 12.5 percent per year for eight years.

"Something just didn't feel right," Goldenstein said. He recommended to the board of directors

they start withdrawing funds from Suncorp and they agreed. By spring of 2005 all of the funds had been taken out.

Goldenstein said he spoke with other credit unions and every one of them got caught. Three of them are slightly smaller and lost anywhere from \$220,000 to 230,000. He estimated HCFCU would've lost somewhere just under a quarter of a million dollars.

Goldenstein is excited about where things are moving and looks forward to new things HCFCU plans to offer in the future.

He said the credit union is going to be offering Visa travel cards as well as Visa gift cards. The travel card will replace traveler's checks. He said one can obtain up to \$3,000 per card. The gift cards can be purchased with up to \$1,000 per card.

"We anticipate good things in 2010 for our local credit unions," Goldenstein said. "I'm sure that it will be a challenging year once again."

Goldenstein reported a new computer system was purchased last fall. The new system is 26 times faster with 50 times the capacity of the previous system. He said the backups performed every afternoon used to take 10 minutes and now only take one.

Another new service added to the credit union is 24-hour phone banking. The system allows members to call in and access information and current balances on their accounts.

Supervisory committee co-chair Wes Holmes noted state auditors Petersen and Associates performed their annual audit and as of Sept. 30, 2009 there were no major concerns.

Charles Stanley, federal examiner for National Credit Union Administration (NCUA), conducted an examination of the credit union as of Dec. 31, 2008 in February 2009. He stated both the credit unions in Holyoke and Imperial are in sound condition.

Current supervisory committee members are Holmes, Tom Balding, Ray Bailey, Mariane Ortner and Dan Baney.

Holyoke and Imperial loan officers approved a total of 446 loans in the amount of \$10,276,990.96 during 2009. Holyoke approved 303 while Imperial approved 143. Real estate accounted for 100 of the applications.

Total loans for both offices grew to \$26,418,339 at year-end. The combined loan portfolio at the beginning of 2009 was \$22,511,900. So the portfolio grew by just under \$4 million during the year.

### **Elected board members**

Scott Murray and Nancy Berges were elected to the board of directors at Monday's annual meeting.

Other board members whose terms did not expire this year include Laura Bittner, James Scholl and Rick Krueger of Holyoke, Colo., and Charles Milner and Wanda Westfahl of Imperial.

Dorothy Scott and Boyce Wernet decided not to run for re-election to the board.

Prior to Monday's meeting, members enjoyed a complimentary meal.