



A TRADITION OF
PEOPLE HELPING PEOPLE

Anniversary *History Highlights*

1909

First U.S. credit union chartered in New Hampshire; first credit union law passes in Massachusetts.

On April 6, 1909, the legislature of New Hampshire passed a special act which officially chartered St. Mary's Cooperative Credit Union. This special act only allowed for the operation of St. Mary's Bank under a community charter for the residents of Manchester, New Hampshire. While it was an important event, the limited scope of the act denied it being the first credit union law. Rather, Massachusetts has the honor of passing the first credit union law. A hearing before the State Senate Committee on Banks featured testimony from Desjardins, Filene, and Vorenberg, on February 19, 1909 and sealed the deal for credit union legislation. On April 15, 1909, the Massachusetts Credit Union Act became law. It served as the model for similar acts passed in other states, as well as for the Federal Credit Union Act passed in June 1934.

1934

Federal Credit Union Act passes; Credit Union National Association forms.

The "Get the Votes" campaign motivated credit union members around the country to push for credit union legislation at both the state and national level. Credit union pioneers crisscrossed the states encouraging members to advocate for federal credit union legislation that would allow for the creation of credit unions anywhere in the United States. Roy Bergengren noted that this campaign

was, "the first time [credit unions] mobilized for a united national effort." The Federal Credit Union Act (S.B. 1639) was signed into law on June 26, 1934 by President Franklin D. Roosevelt.

Credit union pioneers from around the country met at Estes Park, Colorado for the purposes of creating a national credit union organization. Fifty-two delegates from twenty states and the District of Columbia arrived at a YMCA camp in Estes Park, Colorado and met from August 8 through August 10, 1934. Years later, attendees would recount that the meeting was spirited and vigorous with an enthusiasm that they were "engaged in a momentous endeavor." The Constitution and Bylaws of the Credit Union National Association were signed on August 10, 1934.

1937

Congress passes the federal tax exemption.

In 1937, Senator Morris Sheppard (D-TX) with support of the Farm Credit Administration introduced a series of amendments to the Federal Credit Union Act, which became Credit Union Omnibus Bill (S. 2675). One of the provisions was to exempt credit unions from taxation. Credit union supporters argued that since credit unions were cooperative societies they should not be taxed like profit-making corporations. Signed by President Franklin D. Roosevelt on December 6, 1937, S. 2675 exempted federal credit unions from taxation except on real and tangible property.



CUNA

Credit Union
National Association



1970

Congress creates National Credit Union Administration and National Credit Union Share Insurance Fund.

The National Credit Union Administration (NCUA) was created by the passage of H.R. 2 (1970). Creating NCUA provided for an independent supervisory agency for credit unions. President Richard Nixon oversaw the creation of the NCUA, and appointed retired Marine Corps Lieutenant General Herman Nickerson, Jr. as the first director.

Senator Wallace F. Bennett (R-UT) introduced S. 3822 in the Senate on May 11, 1970. A few weeks later, Representative Wright Patman (D-TX) introduced a similar bill. Both bills sought to establish some form of share insurance for credit union members. After weeks of negotiations and amendments, it became clear that the Bennett bill would have the best chance at passage. On October 19, 1970, President Richard Nixon signed the Federal Share Insurance for Credit Unions bill (S. 3822). The bill established a federal program to insure members' accounts in credit unions up to \$20,000 per account. Wilfred S. MacKinnon, president of CUNA stated that share insurance was, "a momentous occasion for credit unions in the United States...and will materially add to our efforts in protecting our members' accounts."

1980

Legislation authorizing share drafts is signed by President Jimmy Carter, following the Save Our Share Drafts campaign.

In 1974, the Credit Union National Association (CUNA) started a pilot project for the issuance of share drafts. By 1976, the American Bankers Association (ABA) had sued asking that share drafts be declared illegal and issue a permanent injunction on their use. In April 1979, the District of Columbia U.S. Court of Appeals found credit union share drafts, bank automatic funds transfers, and savings and loan remote service units illegal under current law. The CUNA immediately mobilized a campaign to have the law changed. The Save Our Share Draft (S.O.S.) campaign generated at least 150,000 grassroots letters in support of saving credit union share drafts. Along with the letters, a rally was held on the steps of the Capitol attended by approximately 400 credit

union people. In December 28, 1979, President Jimmy Carter signed H.R. 4998, amending the Federal Credit Union Act to authorize share drafts until March 31, 1980. This was a temporary move designed to give lawmakers time to draft and pass more permanent legislation. Finally, on March 31, 1980, President Carter, signed the Depository Institutions Deregulation and Monetary Control Act (H.R. 4986) which gave credit unions the right to issue share drafts.

1991

Operation Grassroots rally is held on the National Mall in Washington, D.C.

Operation Grassroots was initiated in 1989 in response to a perceived threat to the credit union movement which resulted from the political turmoil surrounding the savings and loan crisis. This movement was spurred on by major proposed changes in the financial industry in the Financial Institution Reform, Recovery and Enforcement Act (FIRREA). Provisions of this legislation threatened the operations of credit unions, thus a concentrated effort was utilized to defend credit unions against changes that threatened their operations and even existence. The major slogan for this campaign was, "Credit Unions — The People's Voice." The major action during this campaign was a rally in Washington, D.C. (with others occurring around the country — Home Town Rallies), "Operation Grassroots Rally" on February 28, 1991 as a celebration of democracy in action.

1996

Credit Union Campaign for Consumer Choice is launched after D.C. Court of Appeals rules the Federal Credit Union Act doesn't permit multiple common bonds within one field of membership.

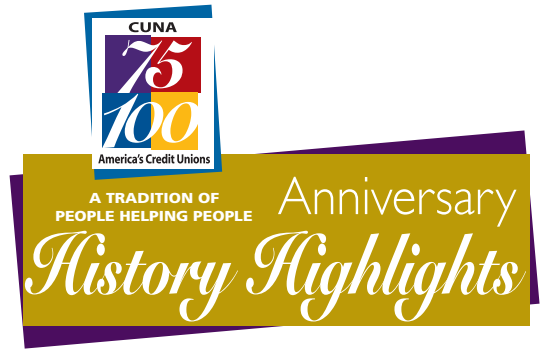
In December 1990, five North Carolina banks and the American Bankers Association (ABA) brought suit against the AT&T Family Federal Credit Union on the basis that it was in violation of field of membership provisions of the Federal Credit Union Act and that the NCUA had overstepped its statutory authority in allowing credit unions to have multiple fields of memberships. After years of legal action, on July 30, 1996, the Court of Appeals for the District of Columbia ruled against the AT&T Family Federal Credit Union in the case citing the need for federal credit unions to share a "single common bond of occupation." The ruling suggested that the NCUA did not have the authority to allow multiple groups in a single field of membership. Naturally, bankers argued that this ruling should be applied broadly, thus potentially affecting over 2,000 credit unions.

CUNA and National Federal Credit Union Association (NAFCU) joined together to protect the right of people to choose their financial institutions. In response, the Credit Union Membership Access Act (CUMAA or H.R. 1151) was introduced. The campaign was effective as several rallies took place at the Capitol, and credit union members wrote letters and visited their representatives en masse, including 2.4 million petition signatures in support for H.R. 1151.

1998

Credit Union Membership Access Act (CUMAA or H.R. 1151) passes and is signed into law by President Bill Clinton.

The Campaign for Consumer Choice culminated in the passage of the Credit Union Membership Access Act (CUMAA or H.R. 1151). On April 1, 1998, the House passed H.R. 1151 by a vote of 411-8, but bankers predict that the Senate will kill the bill. By June 1998, nearly 200 pro-credit union editorials have reached approximately 40 million readers. Additionally, a large coalition including Americans for Tax Reform, Consumer Federation of America, National Cooperative Business Association, Seniors



Coalition, and Small Business Survival Committee have all rallied to the cause. Then on July 14, 1998, with only a week notice, more than 6,500 credit union members rally at the Capitol and chanted "1151" as 10 Senators and Representatives promise passage of the bill before the August recess. Much to the disappointment of the bankers, the Senate passed H.R. 1151 by a vote of 92-6 with 2 no votes. On August 7, 1998, President Bill Clinton signed H.R. 1151 into law. During the signing President Clinton proclaimed, "This bill resolves uncertainty about the future of credit unions. It protects existing credit union members and makes it easier for credit unions to expand where appropriate. This bill also ensures that consumers continue to have a broad array of choices in financial services."

2008

Credit unions survive U.S. financial system meltdown.

Just as in other difficult economic times, credit unions stand poised to be part of the solution to the economic crisis confronting the U.S. in 2008. Based on subprime mortgage lending, the U.S. economy suffered a rash of bank failures and near failures which required a \$700 billion bailout package to be passed by Congress. Globally, bank bailouts became a daily occurrence. The non-profit, democratic, and cooperative principles underlying credit unions prove to be able to provide sound economic assistance to members. Senator Joseph Lieberman, long-time supporter of credit unions, stated in a letter to Daniel Mica, CEO CUNA, "Credit unions have been among the few lenders in the financial industry demonstrating the resiliency and strength to continue lending." Given the failure of banks to act responsibly, it is no wonder that Daniel Mica would suggest, "If everyone acted like credit unions, we wouldn't have this crisis."