

Everyone's a Stockholder at the S.C.C.C.U.

by Matt Light

"Wha'd'ya mean a worker owned bank?"

Such was the reaction of many local businesspersons to the opening of the Santa Cruz Community Credit Union. During the two years since, an ever growing Credit Union has advanced a few answers.

"People wonder what we're trying to do, but our aim is simple: more community control of the local economy," said Margaret Cheap, a Credit Union staffer, in an interview with *People's Press*. "In keeping with this, loans to local businesses get the highest priority. We like to loan to worker-owned businesses; otherwise, if they have good benefits like insurance, pensions or profit-sharing, they can still get priority."

Decisions regarding loans are made by a Board of Directors, which is elected by the stockholders. Anyone who saves money at the Credit Union is a stockholder, and may cast one vote in elections — the size of one's account doesn't matter.

In its two year history, 75% of the Board's membership has changed, according to Cheap. "Credit Committee meetings, and sometimes the early part of a Board meeting, are held privately, since loan applicants are sensitive about their books," said Cheap. But Board meetings are generally open to all stockholders after an hour or so, she said.

Among the Credit Union's major loans have been: those to Food Co-ops, amounting to about \$50,000, a \$26,000 loan to a non-profit housing developer of moderately priced homes, and a loan to a worker-owned trucking business of \$28,000. Interest on loans is 12%. These loans come out of the pool of members' savings, a pool with 1,600 tributaries who accounts average almost \$250 each. Assets total about \$400,000, according to Cheap. The amount rose steadily until recently. "We've reached a

plateau, now, that represents a core group, so we're planning new ways to communicate with the town and show



them how we're strengthening their local economy." The Credit Union loans only within Santa Cruz County.

Banks, contrariwise, will cheerfully loan to creditworthy companies from San Jose and elsewhere. "They have no allegiance to their local communities," said Cheap. "Banks are controlled by a stockholding majority who are wealthy and whose allegiance is to the owners."

This difference in allegiance is revealed in differing interest rates on loans. To their most credit-worthy, corporate borrowers, banks give the prime rate, currently at 12½%; small borrowers can expect to pay 15-16%, depending on their wealth. The Credit Union charges 12% on loans, and a full 40% of their loans are personal — not business.

"The dividends we can pay to people who save with us aren't competitive (2.5%), but the pay-off comes in better loan rates and — in the long run — in less expensive goods and services on the local level, like cheaper groceries at the food co-ops," said Cheap.

Asked whether there have been conflicts between the Credit Union and the banking establishment, Cheap said, "There's room for everyone in the County. We haven't cut into the banks' business yet. To reach independence, our Credit Union needs \$2 million in assets; there's a billion dollars of savings in the County. We want to get as much of that as we can, but we're not going to be stepping on toes for a long time. We're no threat to the bankers, yet." ■

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