



Uniform Commercial Code Conference. Held at Holiday Inn South, Greensboro, December 10, 1966.

sessions than ever before: nine, ranging from organizing to the new idea of share insurance. Forty-two names were on the Founders' Club roster now; and Claude Hayes of Hennis CU was named North Carolina's first recipient of a scholarship for credit union school: \$100 from the Northwest Chapter.

There were 200 affiliates now, with 118,000 members. And, at \$8.6 billion, credit unions nationwide had ascended to third place in installment holdings, placing them into keen competition with banks. How far we had come in 25 years! Yet, how much farther we could go . . .

Chapter VI: 1967 - 1972

McKinney and Greene

"The fact of life is that we are in the money business in a tough, competitive world. And it's getting tougher. Either we get good at it, or we get out of it. Not only is it tough, it's complicated, and the more complicated it gets the more we'd better know about it."

— Harry D. McKinney, July, 1969

As the 1960s thundered to a close, one fact of American life grew increasingly clear: business reigned supreme. Whether or not you yourself were one of a growing number of MBA's imposing sophisticated new methods upon the national marketplace, you could not avoid being affected by this powerful system of ours. After all, it worked. Like practically everyone else, credit unions got swept up in the Business Boom too, not only by providing loans that helped fuel the national spending spree, but in the way they conducted business. What they lost in personal service they gained in efficiency and growth.

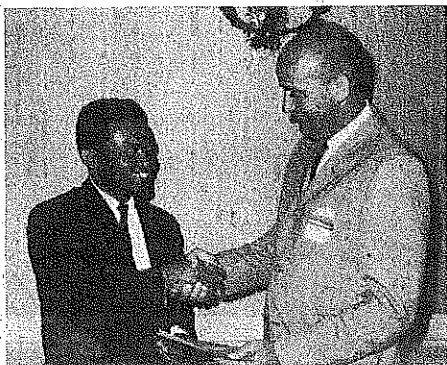
One of the most popular ways to improve operations was to buy the objective opinion of an outside management consultant. That is precisely what the League Board decided to do in the summer of 1967. A Raleigh firm, Nathaniel Hill & Associates,

was hired to survey the League from top to bottom. Their recommendations gave new meaning to the word "change".

The most obvious and immediate change came in September, when Harry McKinney took over the helm from Latch Webster. With 16 years experience as a labor and public relations manager, McKinney seemed to embody the "new blood" the League needed to lead it aggressively into a new era of unprecedented growth. But even though assets would reach \$313 million during his five-year administration (\$3.5 million of it in League Central), and 60,000 members and 50 more credit unions would be added, he vowed not to lose sight of the original purpose of CUs: "Not for Profit, Not for Charity, But for Service." That, plus membership control, was what made credit unions different—and more attractive—

than other financial institutions. Maintaining this distinction, while adding more services, became the key objectives.

Education played a big role in McKinney's "Operation Action." A three-part Home Study Course was offered free to Directors in search of guidance. Within six months, 300 certificates of completion had been awarded, and similar courses for credit and supervisory committees were planned. A Management Institute for Career Unionists appeared in September '68, and an accounting session followed that December. Two more scholarships bowed that year: WNC Chapter's went to Frances Koch, St. Joan of Arc FCU, and Nino Adobas of Cherokee FCU won the first Hubert Rhodes Scholarship. Meanwhile, service calls by League staffers were on the rise.



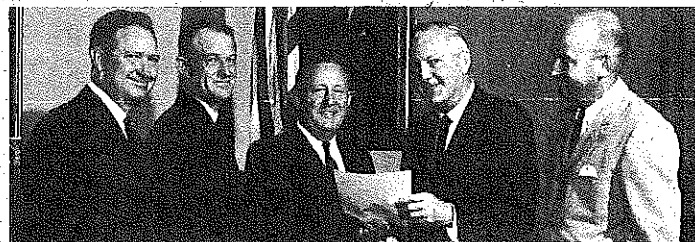
Nino Adobas, Cherokee FCU, first Hubert Rhodes Scholarship winner, with League President Ron Hutchins, 1968.

Credit Union Service Corporation entered the picture in 1968. So did the League's Collection, Supply, Organizational, and Technical Assistance Services, plus three new employees — Bernie Parks, John Hardy and Becky Ingraham — to implement them. Larry Johnson was hired to improve the services of League Central, which passed half a million in assets, raised interest on loans from 5 to 6 percent because of "tight money," and also paid a 5 percent dividend. Central was now being directed by the League Board to allow statewide representation.

With seven now on staff, they must have had to raise dues. But no! North Carolina's credit unions found themselves in better financial fettle than the rest of the country — their assets increased 16 percent that year, compared to the national average of 10 percent, and the delinquency rate was less than .2 percent. The organization goal of 25 was met that year, and 22 of these new credit unions joined the League. Adding their dues to those of the 200 other members' — 19 having assets over \$1 million — yielded more than \$66,000. Fees for the new services and registrations, plus rent and interest added another \$12,000 — enough to pay not only salaries but 26 other budget items.

It was a banner year for R. H. "Bob" Stevenson of

McLean Employees CU. Having served on various CUNA committees over 15 years, he was elected Secretary of CUNA International that spring, and appointed to the U.S. Chamber of Commerce in August. McKinney was elected secretary-treasurer to the N.C. Consumer Council — representing the only financial institution to sponsor this citizens' protection group. And Denver R. Mitchell, who would be honored as our first "Credit Union Person of the Year" in 1970, was appointed to the Truth-in-Lending Task Force. Credit unions got acquainted with the new law at Chapter meetings — including Piedmont, the new name for the Charlotte Chapter.



Gov. Dan K. Moore (2nd from right) hands CU Day proclamation to League Managing Director Harry McKinney, while (l-r) Denver Mitchell, Director, who in 1970 won the first "CU Person of the Year" award, Ed Bell, Director and League President Ronald J. Hutchins witness the event.

Truth-in-Lending, staunchly supported by the credit union movement, was one of a number of federal laws affecting CUs passed at this time. Public Law 90-188 to modernize loan and dividend procedures for federal credit unions became effective in January. The Consumer Credit Protection law followed in May. In June, ardently supported by CUNA and the League's Credit Union Legislative Action Committee (CULAC), a comprehensive "omnibus" bill brought the Credit Union Act up to date. Among its provisions: allows federal CUs to invest in central CUs; loan maturity limits raised from 5 to 10 years, unsecured loan limits to a maximum of \$2,500; reduces required internal audits from quarterly to semi-annually; aid to credit unions in low-income areas. Federal Regulation G also took effect, requiring credit unions to register securities through the Federal Reserve, as other lenders were already doing.

As if all that weren't enough, another law was proposed that year that was NOT to the movement's liking at all, because it would have reduced credit unions to "just another financial institution" that lost sight of its people — who had always taken precedence over dollars. The "Uniform Credit Code" was the ominous idea of the National Conference of Commissioners on Uniform State Laws. They hoped to get all 50 states to enact it within two years. CUNA's request that credit unions be excluded from the Code was denied. Had it been passed, CU interest might have soared as high as 18 percent per annum, service charges could have been added, and it would force them to conform to the commercial practices of profit-oriented lenders. One reason the legislation may

have been stopped could have been the Credit Union Advisory Committee, a joint venture with the Department of Agriculture to improve government-CU communications.



James Gainey

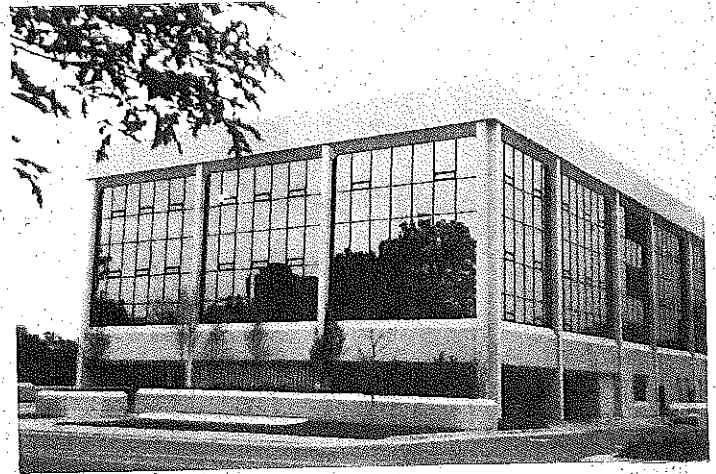
"Changing as Times Change." That was the theme of the 1969 Annual Meeting, the only one held in May. That was the year, according to President James P. Gainey, when "we really became of age." With 250,000 members of 325 credit unions, North Carolina now had fully 5 percent of her population in on the movement. All but three of the 28 new CUs affiliated. While other lenders raised interest rates, credit unions held the line. The second winner of the Hubert Rhodes scholarship was Mildred Hodgin of Seymour Johnson AFB; already in the Founders' Club, she would be elected to the Board in 1970. The League launched a new Auditing and Supervisory Examination Service, retained the legal counsel of William Crisp, and launched a Five-Year Development Program appropriately titled "We Go Forward." Four committees — Executive, Budget and Finance, Planning, and Building and Grounds — designed the plan to ease the transition from hand-written ledgers to high-speed computers. It was inspired by a quote of Roy Bergengren:

"We go forward with the relentless onward surge of the human race, or we go backward. We must be receptive to new ideas within the credit union movement. What, after all, is our objective? To help our people to advance steadily to a better economic lot. And the need of the masses . . . will inevitably change from time to time . . ."

In keeping with this forward thrust, the Bureau of Federal Credit Unions was "promoted" to the status of independent federal agency, entirely supported by the FCUs it supervised. The following year, it was legally named the National Credit Union Administration. Here at home, our state Credit Union Division was belatedly transferred from Agriculture to

the Department of Commerce in 1971. This time, the League approved. A year later, it created a Commission to replace the Advisory Committee.

So it was that we flung ourselves into the '70s as if shot from a cannon. "Full financial service, long a dream, is now a foreseeable possibility," said the Director. Sure enough, from CUNA on down, ever more services became available: interlending, employment, retirement packages (yes, some credit unionists were now reaching that age), CUNADATA, shared use of GTE on-line data processing system, share insurance, increased emphasis on marketing and promotion — particularly toward the bulging youth population — plus the tools to do it properly, auditing services, five more added to League staff to shoulder the load, the rest promoted, an expanded field of membership for a fast-growing League Central, conferences for Presidents and Vice Presidents . . . it went on and on. No wonder North Carolina was one of only 10 states with a net gain in CUs in 1971, "our best year ever." And in 1972, we welcomed back an old friend that had disaffiliated during the exodus of the '40s: State Employees CU, third largest in the country, which was offering checking accounts (later called share drafts) to its members.



1984. New headquarters for State Employee's Credit Union, Raleigh.

If you can gauge your success by the enemies you make, score another point in your favor: It could only have been envy that prompted the formation of the *Bankers Committee to Eliminate Favoritism to Credit Unions* in Washington. They prepared for a fight, and their opponent was well-armed. CUNA, after conducting 128 months of hearings across the country, was proposing over 60 changes to the Credit Union Act. Round 1 would be followed by many others . . .

Through the years, League newsletters had periodically carried obituaries of leaders in the movement. Few ever made the front page. An exception was made in November, '71, because the deaths were so untimely, and the victims so admired. On October 10, an auto accident took the lives of

Ronald Hutchins, a CU leader on all levels, and his wife Carol. The 1972 Annual Meeting was dedicated in their memory; and the credit union Person of the Year Award has since been named in his honor.



Carol E. and Ronald J. Hutchins

For a few months that year, the League was without a Managing Director. Between the departure of Harry McKinney and the arrival of his replacement, Robert L. Greene, the Director's duties were ably discharged by Larry Johnson, who was promoted to Assistant M.D. During Greene's two-year stint, total assets grew to \$442 million, and the League had a budget of \$152,000. By now, membership had replaced the number of credit unions (349) as the yardstick of growth, and ours was a healthy 437,000 by 1974; 15 staffers were serving them from the Greensboro headquarters.

CUNA had a new Managing Director too — Herb

Wegner — and among its innovations was a six-lesson correspondence course in Credit Union Management, developed in cooperation with the University of Wisconsin. In 1974, it began entering floats in the Tournament of Roses Parade as part of its National Advertising Program, to which members voluntarily contributed. Also that year, Congress passed the Employee Retirement Income Security Act, which included CUs among the institutions allowed to be trustees of IRAs and Keogh accounts.

Locally, the League held a CU Employees Training Conference, added financial counseling services, and helped credit unions attract new members with catchy promotional gimmicks. Pope AFB FCU, for instance, gained \$208,000 in share deposits by giving away \$4,200 worth of gifts.

As our credit unions grew more and more sophisticated, Greene kept reminding members not to forget credit union philosophy, without which we would lose our vitality. Some, he said, felt "concern for the welfare of our fellowman" was no longer relevant in a technological world. He cautioned against this attitude. "If we compete only for money," he wrote, "we are certain to neglect sharing, serving, and extending credit union benefits to more and more people. People, not dollars, are our greatest asset . . . We are harvesting the benefits of the purposes and practices embodied within our philosophy 20-30 years ago. This is tomorrow!"

Chapter VII: 1975 - 1984

The Fifth Decade

"It's time for credit unions to discard the crutches of 'don't have time' — 'members don't need' — 'we'll have to increase interest rates,' etc., and start performing our duties commensurate with responsibility and opportunity"

—Larry Johnson, 1982

During the "Me Decade," the nation watched a scandalous Administration crumble, celebrated the bicentennial, and marvelled over the rise of a peanut farmer from obscurity to presidency. Prices and interest rates seemed locked onto a permanent upward spiral — and credit unions were riding merrily along. Between 1971 and 1976, national assets more than doubled — to \$45 billion. On the fast track; full speed ahead!

Change was a fact of life by now. It was unusual if *The Carolinian* (new name for the "Bulletin") didn't announce at least one new program or service per month. In 1975, the change was in Managing



Larry Johnson,
League President