

## Queen of Peace Arlington Federal Credit Union

Dan Morrissey

Volunteer Treasurer - Manager - CEO

A C E Institute

Thursday, August 4, 2005

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### Credit Union Chartered in 1964

- Catholic Parish - Our Lady, Queen of Peace
- Parish founded in 1945 as the Church for Black Catholics in Arlington, Virginia
- The Pastor (1958 - 1983), Fr. David Ray pressed on many fronts for opportunities for African Americans, the integration of the parish, becoming a "normal" territorial parish, starting a pre-school, a credit union, etc.

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### Reasons for Starting Credit Union

- Strong belief in cooperative principles
- Concern about availability of credit for African Americans
- Belief in "self help"
- Faith and belief in the laity

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### The “Early Days”

- The Credit Union remained very small during the 60’s and early 70’s
- Many small loans for items that most of us would use credit cards for today’s purchases
- Credit Union did not get any significant outside assistance
- “Tension” developed between Credit Union and the Pastor

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### “Crisis” of 1976

- Credit Union Board of Directors Voted to Liquidate the Credit Union in the Spring of 1976
- The Pastor, Fr. Ray, was not consulted
- The “Liquidation” was approved by NCUA (National Credit Union Administration), some loans paid off, and deposits were not allowed.
- Assets were just under \$50,000
- BUT...

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### “Crisis” of 1976

- After much “Soul Searching”, Fr. Ray made an appeal to the parish for new volunteers to keep the credit union in operation
- A whole new board, credit committee, supervisory committee were organized, and NCUA rescinded the liquidation
- Delinquency was high, but the books were in order

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### “Crisis” of 1976

- The Virginia Credit Union League was very instrumental in training the completely new officials.
- Delinquency was slowly corrected.
- There was good turnover in volunteers, board, officers, committees
- Services and hours were expanded
- By 1978, the “crisis” was over.

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### The “Honeymoon” Years

- Assets, Loans, Savings grew steadily from 1978-1983
- A big effort was completed by late 1982 - early 1983 to put the savings and loans on a batch computer system
- Assets reached about \$125,000 in 1983
- BUT THEN ...

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### “Crisis” of 1983

- For reasons not ever fully understood, the Pastor, Fr. Ray, had become disenchanted with certain aspects of the credit union operations and/or volunteers.
- In the Spring of 1983, the Credit Union was thrown off the Church property
- It operated in the Treasurer’s dining room and garage for 3-4 months

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### “Crisis” of 1983

- “Negotiations” went on between the Pastor and several credit union officials about the “terms” of the credit union returning
- In July, 1983 the Treasurer (Rosemary Morrisey) and Assistant Treasurer (Husband Dan Morrisey) resigned and the Credit Union returned to Church property.

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### Transition

- The Credit Union, with a new Treasurer operated back on Church property.
- Not apparent from the outside, the books went out of balance within 2 months, work backed up, the bond was cancelled in 1985, claims on disability insurance backed up, etc.
- Fr Ray, the Pastor, died in auto accident in October 1983. A new pastor took over at the end of 1983.

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### “Crisis” of 1987

- By the Spring of 1987, NCUA came in and was ready to close down the Credit Union.
- Books were out of balance and bank accounts had not been reconciled for years
- Bond and several types of insurance had been cancelled
- Things were a complete “mess”

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## Recovery

- NCUA gave us about 3 months to get books in balance, bond back, etc.
- Dan Morrisey got back involved, BUT not his wife (former Treasurer) Rosemary Morrisey
- Various folks worked night after night to balance and reconcile FOUR YEARS of records and bank statements.

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## Recovery

- Assets in 1987 were about \$165,000.
- Delinquency reached almost 50%
- No dividend was paid for one quarter
- Board and delinquency committees met twice a month
- By late 1987, books were in balance, bond and insurance restored, insurance claims under control, and the credit union survived!

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## Years of Growth and Health

- From Assets of about \$165,000 at the end of 1987, growth has been fairly steady, reaching \$1,000,000 in early 2005
- In 1991, we converted from batch share and loan system to a PC based full, in house computerized system, including the General ledger

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## Years of Growth and Health

- In 2004, after several years of planning, the credit union moved into expanded space in new Parish Ministry Center.
- Another new pastor in 1995, with whom relations were very good.
- Services expanded, loans grew, and the credit union was very healthy

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## “Mini-crisis” of 2003

- Due to a number of reasons, I got “behind” in certain posting and reporting during 2003. The credit union received much “scrutiny” from the NCUA.
- Because of solid financials, we were given some “slack” and time to get things in order, some duties delegated, and we got back on track by mid 2004, for the most part.

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## Onward and Upward

- In 2004 and 2005, we have added more services, such as mortgage loan referral, electronic transfers from other financial institutions (no charge), more loan insurance options, involvement of youth (teen tellers), higher loan limits, more loan flexibility, and so on.

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### Changing to Meet Changing Needs

- From a very small, African American parish, Our Lady, Queen of Peace grew in numbers and diversity
- Folks of nearly all ethnic backgrounds now come from all over the area
- The biggest growth in recent years has been Hispanic Catholics

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### Changing to Meet Changing Needs

- We made express effort to have member of Hispanic Community on our Board
- Added loan applications in Spanish
- Added some materials in Spanish
- Made efforts to “reach out” to everyone

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### Changing to Meet Changing Needs

- To make the loan process more responsive, we use loan officers instead of credit committee.
- We print checks from the computer.
- We report to a credit bureau
- We are upgrading computer systems to have multiple stations

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### Changing to Meet Changing Needs

- We have a web site (information only)  
*www.qpafcu.com*
- We use email extensively  
*qpafcu@hotmail.com*
- All (except one) board members have internet access, so we distribute monthly reports on the internet

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### Assistance, Support

- Because of the geographic area of our members, getting a “low income” designation is not practical to accomplish. This precludes us from certain financial benefits
- The credit union pays its own expenses, and has made a donation to the building fund
- The church provides the space, publicity, etc.

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### Assistance, Support

- We are active members of the Virginia Credit Union League and its local chapter, which provides up to two FREE folks from small credit unions each month at the chapter dinner meeting
- We attend NCUA meetings and events
- We have contacts at several large credit unions.

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## Assistance, Support

- We are active members of NFCDCU (National Federation of Community Development Credit Unions)
- NFCDCU has a faith based focus, as well as general low income credit union focus.
- We attend the annual conference each year, in addition to specialized conferences

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## Assistance, Support

- In the late 1990's, we got some funds from a large credit union to send our pastor to a faith based credit union conference. He was willing to learn, and after that he was very supportive of the credit union
- We still are all-volunteer
- We communicate regularly with other credit unions, sharing ideas, etc.

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## Serving the Underserved

- In spellcheck - "underserved" has a suggestion undeserved
- We consider the credit union a parish ministry, and as an all-volunteer operation, we have all we can do to serve the one parish
- Financial education has become vital today, and lack of "financial literacy" harms many folks

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## Serving the Underserved

- The most identifiable group of underserved in our field of membership is Hispanic immigrants
- Once we reach one family member, other family members express interest in the credit union.
- Refinancing high interest auto loans saves many members of this group quite a bit

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## Serving the Underserved

- Other, less represented, immigrants are also in need of fairly priced credit.
- We just began offering Payday alternative loans - up to \$500.
- For the foreseeable future, we are stressing the “parish connection” of the credit union.
- We try to make ourselves known to other parish ministries

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## “Lessons” From Our Experiences

- Fight to Keep the Organization Open
- Get Folks Involved Who Are Willing to Work
- Anticipate Change - You Can NOT Survive Doing Things the Same Way as 10, 20, 30, 40 years ago.
- Plan to be as Independent of Outside Assistance and Subsidies as Possible

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### “Lessons” from Our Experiences

- NEVER, NEVER Assume that Other Folks Understand Your Message - You MUST Keep Telling Your Story and Educating the Decision Makers.
- Educate! Educate! Educate!
- Be ready for external changes, such as political leadership, attitudes, community needs, etc.

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### “Lessons” from Our Experiences

- “Cooperative” Institutions Have Both Advantages and Disadvantages - Be Aware of Both!
- Stress member ownership
- Find (and emphasize!) the differences! For example, we allow children to manage their own accounts

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### “Lessons” from Our Experiences

- Managing the money (the bottom line) is vital to survival
- There is NO guarantee of success - no guaranteed safety net.
- You MUST “sell” the cooperative all the time - to members and prospective members, to society, to regulators, etc.

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## “Lessons” from Our Experiences

- “Risk” - You MUST be willing to take risk, BUT management of risk, and assessment of the level of risk is vital
- Constantly, ask “Why do we do this?” “Why are we spending money on this or that?”
- Hold staff, officials, etc. accountable

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## “Lessons” from our Experiences

- Keep asking “WHY?”
- The answer, “We have always done it that way.” is NEVER an acceptable answer.
- Your Board and Officials MUST be active and responsible. Have provisions for removal and replacement. Board members with Senile Dementia MUST be moved out.

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## “Lessons” from Our Experiences

- Give EVERY Board Member a “Job”. Nothing is worse than a Board member who just comes to meetings and finds fault with everything everyone else does, and second guesses every decision. Give them a “Job”, and if the don’t do it, get rid of them
- Research your options, bylaws, allowable ways of doing things, etc.

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## Get the “Right” People

- What and Who are the “Right” People?
- You need people who are “Committed”, not just involved.
- What is the difference?
  
- For Breakfast this morning, you may very well have had Bacon and Eggs.

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## Getting the “Right” People

- When you sit down to that Bacon and Egg Breakfast, Remember :
  
- The Chicken was involved -
- BUT the Pig was Committed!!!

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## People Who “Believe”

- You MUST Have People Who Believe in what is going on.
- Those of you who have seen Niagara Falls, know the immense power and magnificence of the Niagara River as it goes over the Falls

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## People Who Believe

- Over 100 years ago (before such things were regulated), various “daredevils” would undertake such stunts as walking a tightrope over Niagara Falls. One such daredevil was the Frenchman, the great Blondin
- In one well-publicized stunt, he was to push a wheelbarrow on a tightrope strung over the Falls

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## People Who Believe

- Blondin’s stunt attracted much attention from the public, newspapers and correspondents from all over the world.
- They were very interested in the wheelbarrow stunt.

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## People Who Believe

- Blondin asked the group of reporters:
- “Do You Believe I can succeed in going above the falls with the wheelbarrow?” All answered “Yes, we believe”. He asked again, “Are you sure?” All replied, “We are sure you can do it!”

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## People Who Believe

- Finally, Blondin challenged them:
- “If you truly believe and have faith that I can push the wheelbarrow from one side above the falls to the other, then
- WHO will get into the wheelbarrow??”

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## How Many of You Here Today

- Are “Pigs” and not “Chickens”
- Will Get into the Wheelbarrow?

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# THE END

## Questions??

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