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## Islanders move love and money to their own credit union

**Fed up with corporate indifference, a green haven in Puget Sound, Wash., finds a novel way to snub big banks.**

By Kim Murphy, Los Angeles Times

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VASHON ISLAND, Wash. — It would be hard to imagine a place further removed from the brash intensity of Occupy Wall Street. This secluded island of fir forests and rolling lavender fields — home to 23 organic farms, a tofu factory and a monastery that markets its own gourmet coffee — has always been a counterculture retreat for those who bike to the sound of different drummers.

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Yet a continent away — a whole world away, really — from New York, this small island of 11,000 residents has become one of the darlings of the Move your Money campaign, an Occupy effort to hit corporate banking where it hurts: the ledgers.

The movement has spurred thousands of Americans to move their accounts out of mega-banks, but many have had to resort instead to big regional credit unions. Here, a group of hard-core Vashon activists, already seasoned in anticorporate campaigns, hit on the idea of merging with a small credit union to create a new branch on the island.

That office has managed, in its first year of operation, to enroll an astonishing 16% of the population and collect local deposits of almost \$20 million.

"What surprised me about it was how rapidly the community embraced the credit union," said Rob Harmon, a green economy pioneer who was part of the [organizing committee](#). "We had wild dreams that in the first year \$10 million would move. ... And in the first year, \$17.5 million moved. So we're 70% above our wildest dreams."

Last year, 1.3 million people across the U.S. joined credit unions, the lower-fee, not-for-profit alternative to commercial banks — double the rate from 2010. Once relegated to small offices at big companies, credit unions over the last 15 years have taken advantage of relaxed federal regulations to expand their membership.

The anti-Wall Street movement has kicked that trend into high gear, painting credit unions as the financial equivalent of eating home-raised chickens.

"In the years after World War II, most of our financial institutions were local. So they took in local savings and then used them to support local investment — in businesses, in home ownership," said David Korten, author of "When Corporations Rule the World," who lives on nearby Bainbridge Island, Wash.

Over the years, control of the money shifted from the community to Wall Street, Korten said. "What the folks on Vashon are doing is beginning to reverse that process," he said.

Vashon Island was perhaps uniquely suited to community bank-building. Once strictly a hippie backwater, the island now serves as a well-heeled bedroom community for tech whizzes and lawyers in Seattle. People not only had big nest eggs to move around, but many also had a track record in progressive activism.

Harmon developed and started the first carbon calculator on the Internet, and he also created the U.S.' now-\$200 million Green Tag market for renewable energy certificates. One of his partners on the initial steering committee, Bill Moyer, cofounded the Backbone Campaign, a national movement-building organization that helped generate 140,000 emails to Congress against the 2008 plan to bail out banks.

Ann Leda Shapiro, an artist and acupuncturist who emigrated from New York by way of California in the early 1990s, joined the new credit union after she tried to get an extra copy of her Chase bank statement — only to be told she'd be charged a fee. "I said, 'I'm done,' " she said.

Two months later, Shapiro bought the small yellow cottage she had been renting for years; the mortgage was arranged personally by the credit union branch manager, Patte Wagner.

"I wanted to buy this house that I loved so much, but I was afraid of the whole thing," she said. "Patte held my hand."

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The move toward credit unions is part of a wider search for banking alternatives.

Community development banks now zero in on low-income families, and some new credit unions tailor financing to social activism, such as New Mexico's Permaculture Credit Union and its loans for "earth-friendly and socially responsible" projects. In San Francisco, Occupy activists are trying to form a credit union to provide low-interest loans to students, families and businesses.

Vashon organizers say the key to their success — a template they hope to share with other communities — was the decision to abandon the capital-intensive process of chartering their own credit union. Instead, they joined a small, existing credit union willing to cede substantial control in exchange for new members and deposits.

Harmon and Moyer were talking one day in 2009 about how to create a coal-free zone on the island. They needed to help people weatherize their homes, but none of the three Wall Street banks on the island wanted to make those kinds of loans except as home equity loans.

"We need a credit union," Harmon said.

A community survey showed widespread enthusiasm, but then the four-member steering committee began crunching numbers. It needed at least \$1 million up front to insure the deposits and guarantee the first two years of expenses.

"We got to this crossroads where we either needed an angel or a partner. And as organizers, we were not interested in creating models where you need an angel, or are only successful in highly privileged communities," Moyer said.

That's when they hit on the idea of joining Puget Sound Cooperative Credit Union, which had originally served employees of the Seattle-area electrical utility. Its bylaws allowed the organizing committee to get an initial three seats on the board of directors — giving the Vashon community a voice.

Further, the credit union endorsed the idea of allowing nonprofit groups to use their own savings to guarantee microlending on community projects.

"They were already doing the most aggressive energy conservation lending in the state," Harmon said. "That's when all the bells went off for me and Bill, because it took us right back to the genesis of the conversation."

The stroke of genius, as the organizers saw it, was luring Wagner — then manager at the local Chase bank — to oversee the new branch. "The hippies didn't have to be in charge," Moyer said.

Deposits flew in the door. Loans — the real source of income for financial institutions — have been slower to materialize. The credit union offers auto loans for as low as 2.99% and credit cards for 8.99%. Home mortgages go for 4% over 30 years.

About \$6.5 million in home loans have been written on the island, and about \$2 million in other kinds of loans — a smaller loan-to-share ratio than the credit union's executives would like to see.

"It's easier to move deposits than debt, frankly," Chief Executive Kevin Ellisen said. "We understood that would be the case. But we're seeing growth in first mortgage loans, in energy efficiency loans on the island, so we're comfortable with the mix right now."

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One of the new loan clients was local bartender Jamie Clapperton. She and her husband both had steady jobs. But a local commercial bank told them they couldn't have a credit card with more than a \$300 limit.

"It felt like a slap in the face," Clapperton said. "The credit union had just opened up, and we took all our savings out that day, and we said, 'OK, we're going to go across the street.' We had asked [the bank] before for a loan for a car, and they said, 'Sorry, we can't make that happen.' ... Within two weeks, we had a car loan set up; we were able to go get a new car."

Clapperton said she and her husband were stunned: "They were, like, so willing to help people who want to live on this island, who want to grow here. It felt, I don't know, amazing. Like we were finally being rewarded for something."

Moyer, whose last job before becoming a community organizer was as a drummer, now finds himself sitting on the board of a bank — he got one of Vashon's seats on the credit union's governing board.

"I'll tell you, I'm learning a lot about this whole financial institution thing," he said. "But this was never one of those projects where you're rolling the rock up the mountain. From the beginning, we were chasing the boulder down the mountain. People were interested immediately."

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