

# Oakland credit union seized and then bought

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Kaiser-Lakeside Credit Union has been seized by federal regulators, and its assets have been acquired by SafeAmerica Credit Union, the latest reminder that California's economy has yet to stabilize.

"For the Kaiser Credit Union members, it's business as usual," said Rita Fillingame, research director with the California Credit Union League. "Their accounts are insured for up to \$250,000."

Oakland-based Kaiser-Lakeside, whose official name is Kaiser Credit Union, was liquidated Monday night. Federal regulators turned over the assets of the failed credit union to Pleasanton-based SafeAmerica.

"Kaiser-Lakeside was in a declining financial situation," said John McKechnie, an official with the National Credit Union Administration, which regulates credit unions.

During the second quarter of 2009, Kaiser Credit Union lost \$35,000, according to a regulatory filing. That was on top of a loss of \$536,000 for the first quarter of 2009. The cumulative loss for the first half of this year was \$571,000.

In the second quarter of 2008, Kaiser Credit Union earned \$30,000. But over the first six months of 2008, the credit union lost nearly \$101,000, due to losses in the first quarter of last year.

SafeAmerica is a much larger financial institution than the former Kaiser Credit Union.

At the end of June, SafeAmerica had \$286 million in deposits and shares, and \$315 million in total assets. During the same period, Kaiser-Lakeside had \$22.9 million in deposits and shares, and \$24 million in total assets.

Bad loans appeared to be the primary source of Kaiser-Lakeside's demise.

In June 2009, the credit union had \$2.5 million in delinquent loans on its books. That was up from \$2.3 million in delinquent loans in March 2009 and \$1.4 million in bad loans in June 2008, a regulatory filing disclosed.

Despite ongoing failures for some credit unions, the California Credit Union League believes the industry remains robust.

"Credit unions are still well capitalized," said Chris Collver, senior regulatory analyst with the credit union group. "They are continuing to lend at levels that haven't been seen in several years."

During the second quarter of 2009, credit unions in California originated about 12,500 first mortgages with an aggregate value of slightly more than \$7 billion, Collver said. That was 16.8 percent higher than the first quarter of 2009, when California credit unions originated 10,700 first mortgages.

The collapse of Kaiser credit union ends a storied history for the long-time financial institution. The credit union was chartered in 1953 to serve the financial needs of the employees of Kaiser Industries.

Those included Kaiser's cement, aerospace, aluminum, steel, and ship building operations. Kaiser Permanente, the health care giant, followed in the footsteps of the industrial powerhouse.

But the members could obtain plenty of benefits with the new owner. SafeAmerica has branches in Pleasanton, Hayward, Antioch, Pleasant Hill, Tracy, South San Francisco, and now has a new branch in downtown Oakland that it inherited from Kaiser-Lakeside. SafeAmerica has 26,000 members.

"We are a full service credit union," said Rich Gordon, chief executive of SafeAmerica. "The members will have more services, higher dividends, and lower loan rates."