

# CREDIT UNION SERVICE ORGANIZATIONS (CUSOs)

**Understanding the Benefits of a CUSO and  
Choosing the correct structure for your  
Credit Union**

**Presented by John Giordano  
CEO of First Heritage Financial LLC**



# What is a CUSO?

- ✓ A Credit Union Service Organization (or CUSO) is a business jointly owned by one or more credit unions. CUSOs have traditionally offered credit unions the ability to remain competitive by improving efficiencies and by offering a wider array of products and services through collaboration. This collaboration between credit unions is a natural extension of the cooperative movement from which credit unions were founded.
- ✓ CUSOs generally fall into two broad groups: **Back Office Services** that support the Credit Union's Operations and **Financial Services** that allow the Credit Union to expand its product line.



# Why would a Credit Union Partner with a CUSO?

- ✓ Most credit unions are smaller than **BANKS**. They don't have the large infrastructure to independently support some products or services that members need. By working together through a CUSO, credit unions can acquire that kind of scale and market power along with other resources like capital and staff that far exceed their individual sizes.
- ✓ Doesn't this define what the **COOPERATIVE MOVEMENT IS ALL ABOUT?**
- ✓ Think **ECONOMIES OF SCALE**



# CUSO Benefits

- ✓ Additional Product and Service Offerings will help you **STRENGTHEN THE MEMBER RELATIONSHIP** (Think PFI)
- ✓ Access to Staff Education and Training
- ✓ Provide direction to create opportunities (Innovation)
- ✓ Reduce Expenses
- ✓ Deliver **VALUE PROPOSITION TO YOUR MEMBER**



# When should a Credit Union Consider a CUSO?

- ✓ Are your members asking for products and services that your Credit Union is not presently offering?
- ✓ Could your Credit Union offer your products and services at a lower cost with cooperation?
- ✓ Do you want to grow?



# How does a Credit Union make an evaluation of its CUSO needs?

- ✓ Can the Credit Union deliver the services that its members want without a CUSO?
- ✓ Can the Credit Union survive without meeting additional member needs (products and services)?
- ✓ Will the CUSO function as an extension of your Credit Union?
- ✓ Does the Credit Union understand the difference between a Vendor and a Partner?



# What happens after the evaluation?

After an evaluation by the Credit Union you should be able to determine if a partnership is the right move at this time.



# Questions a Credit Union should Consider:

- ✓ Will the CUSO do business at the expense of your Member?
- ✓ Is Your Credit Union's mission statement aligned with the CUSO's mission statement?
- ✓ Is this a win-win-win proposition?



# WHY CHOOSE FIRST HERITAGE?

## ✓ **BEST-IN-CLASS SOLUTION**

First Heritage Financial Mortgage Partners Program affords credit unions the opportunity to offer origination, processing, underwriting, closing, post-closing, servicing and loan sale functions while meeting all Fannie Mae, FHA, VA, USDA and PHFA guidelines.

✓ We also offer our Partners the opportunity to analyze and grade their first mortgage portfolios, as well as the ability to sell newly closed or seasoned loans directly to Fannie Mae. An added-value from a vetted PCUA business partner.

✓ First Heritage Financial services are delivered in a manner that ensures your credit union will remain involved, capitalizing on member loyalty and building on established relationships.



# HOW DOES FIRST HERITAGE VIEW A PARTNERSHIP?

- ✓ As a First Mortgage Solution for Credit Unions, First Heritage understands that members come to Credit Unions for more than just mortgage loans.
- ✓ With that understanding, First Heritage helps position its partners to achieve the PFI status that many Credit Unions strive to attain.
- ✓ In the 1<sup>st</sup> Quarter of 2016, First Heritage released two new marketing initiatives in addition to Home Buying Seminars and Staff Training that will allow Credit Unions to promote their First Mortgage Program and make a genuine effort toward becoming the member's PFI



# CASE STUDY: FIRST HERITAGE FINANCIAL LLC

- ✓ First Heritage Financial provides a comprehensive, no cost, 1st Mortgage Partners Program that supports and services for nearly 90 partner credit unions that have combined assets of over \$11 billion among 1.2 million members.
- ✓ An early Partner with First Heritage was Erie FCU. Over 10 years ago, Erie FCU partnered with First Heritage as a \$180 million in assets Credit Union. Erie FCU has since grown to over \$380 million in assets and purchased an equity position in First Heritage. That growth was definitely aided by being able to offer a robust First Mortgage Program.



# CASE STUDY CONTINUED

## ✓ **Our Value Proposition**

To offer versatile, cost effective and integrated turnkey mortgage solutions for our Owners and Partners; while providing ancillary income via a robust product line and our trusted expertise.

## ✓ **Advantages of a Partnership**

- 1. Generate New Income**
- 2. Portfolio Evaluation**
- 3. Cost Effective Loan Servicing**
- 4. Build Member Loyalty**
- 5. Marketing Support**
- 6. Online Application**
- 7. Staff Training**
- 8. Loan Sale Services**
- 9. Educational Member Seminars**



# WHAT MAKES FOR A SUCCESSFUL PARTNERSHIP?

- ✓ Trust is key
- ✓ Commitment
- ✓ Clearly defined goals
- ✓ Collaboration
- ✓ Vision to see long term benefits
- ✓ Choosing a **PARTNER, not a VENDOR**

**Remember,** We will not do business at the expense of your Member?



# Questions?

**John Giordano**  
**CEO**

**First Heritage Financial LLC**  
**2655 Neshaminy Interplex Drive**  
**Suite 105**

**Trevose, PA 19053**

**[jgiordano@firstheritage.org](mailto:jgiordano@firstheritage.org)**

**267-525-7912**

