

Credit Union
Service
Organizations
(CUSOs)

UNDERSTANDING THE BENEFITS OF A CUSO AND CHOOSING THE CORRECT STRUCTURE FOR YOUR CREDIT UNION

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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?

- ▶ Credit unions are different than other financial institutions (**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 Preferred Financial Institution*)
- ▶ 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 CUSO cooperation?
- ▶ Do you want to grow?

How Does a Credit Union Evaluate 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 CUSO 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 endorsed 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 Preferred Financial Institution status that many Credit Unions strive to attain.
- ▶ First Heritage offers 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 Preferred Financial Institution.



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.
- ▶ **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.



First Heritage Financial, LLC (continued)

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 and Mobile Application**
7. **Staff Training**
8. **Loan Sale Services**
9. **Educational Member Seminars**



What Makes for a Successful CUSO 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?

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