

## Excellence in Lending Award Winners 2011

### 2011 Consumer Lending Excellence Award - Assets under \$250M



#### **Texell Credit Union (\$145 million+ in assets; 26,000+ members)**

- Grew lending nearly 27 percent in 2009 and 35 percent in 2010 after addressing weaknesses in lending structure;
- Results: Highest loan-to-share ratio in Texell's history, higher average loan balances, while delinquency and net charge-offs are below peer and industry averages;
- Adjusted underwriting approach to attract new borrowers from existing membership and from potential members, while decreasing delinquencies;
- New products added: Holiday Loans, Credit Builder Loans, Employer Loans;
- Cross-selling re-energized: Averages 85%, 60%, 80% and 60% penetration on credit life/disability, GAP and Mechanical Protection;
- Moved from order-taker culture to sales-driven, relationship building culture.

**Texell Credit Union** of Temple, Texas, found its lending operation's weaknesses and addressed them. Under the direction of new CEO Tony Hale, the transformation included a switch from an order-taker culture to a sales culture -- and the results were significant.

Before 2008, nearly 50 percent of the credit union's portfolio was concentrated in indirect loans. Now, the indirect channel accounts for less than 20 percent of the portfolio and is a means to generate new members only. Existing members are encouraged and rewarded for financing directly through the credit union.

Texell also improved its lending process for members by bringing much of its loan decisioning to the branch level and phone and internet loan applications were brought in-house. In addition, e-signatures technology was added in 2010.

**2011 Consumer Lending Excellence Award - Assets \$250M or greater**



**University of Kentucky FCU (\$403 million in assets; 45,000+ members)**

- Redefined lending strategies, identifying the need for members' need of a trusted partner and creating an awareness of all their products.
- Focused lending awareness on indirect lending and home equity products;
- Rebranded itself as the value leader with flexible terms, low rates and expert service;
- Automated loan decisioning: 46% are system approved and don't go to underwriters;
- Developed "e-branch" for electronic media users only. Open between 75- 100 new accounts and 80-90 new loan products monthly;

**University of Kentucky FCU's** recent lending success is rooted in its strategy and decision making around gaining market share, member awareness and branding consistency through its lending channels.

The Lexington, Ky., credit union has grown its indirect business from 1,600 deals with \$29 million in originations in 2009 to more than 2,600 deals with \$51 million in originations in 2010. UK FCU also introduced student loans in 2010 and has more than \$2.5 million in balances from that product.

The credit union's marketing approach connects with members on their level by utilizing social media, including blogs, Facebook and YouTube. A Gen Y panel of 18-28 year-old-students helps the marketing process with their findings to craft better products and services for the membership.

## 2011 Mortgage Lending Excellence Award - Assets under \$250M



### **Latino Community CU (\$102 million+ in assets; 50,000+ members)**

- Latino Community CU understands its core purpose in reaching previously unbanked communities in North Carolina statewide;
- LCCU's mortgage strategies address the needs of its membership, which was previously 70% unbanked;
- The credit union truly understands its membership needs from the need for financial education to providing credit to those with no credit history; The entire staff is bilingual;
- Of the 600 mortgages LCCU has provided since 2004, 70 percent were made to first-time home buyers and their products address that demographic;
- LCCU has increased its mortgage production each year and in 2010 it provided 121 mortgages (\$11 million);
- Despite many of its members having no formal credit history, LCCU has maintained its mortgage production with only a 2% delinquency rate;

**Latino Community Credit Union** understands its purpose and delivers affordable and accessible mortgage loans and housing to its low-income membership.

LCCU provides share-secured loans as the first "traditional" credit to potential home buyers, financial education and implements alternative underwriting options, including use of payment histories from rent and utilities – and private mortgage insurance isn't required.

In 2010, Latino Community experienced loan growth of approximately 20%, an overall loan yield of close to 7%, while limiting loan losses to less than 1%. LCCU minimizes its mortgage program costs by partnering with State Employees CU/North Carolina for back office and IT platform support.

## 2011 Mortgage Lending Excellence Award - Assets \$250M or greater



**Charter Oak FCU (\$650 million+ in assets; 68,000+ members)**

- Heavily dependent on vehicle loans, Charter Oak implemented a diversification strategy when the auto industry went south in 2009;
- Mortgages were the answer. Charter Oak focused on a variety of innovative mortgage products, including Accelerator Mortgage, designed to appeal to members interested in paying down their mortgages;
- With those new products, it increased its staffing and embarked on an aggressive advertising/marketing campaign;
- Proof of their excellence was illustrated in the results. The credit union became Eastern Connecticut's No. 1 mortgage lender;
- In 2010, it originated more than 1,000 mortgages (\$130 million). And Accelerator Mortgage helped lower the percentage of 30-year mortgages from 65% to 45%, improving their asset liability;

**Charter Oak FCU** of Groton, Conn., lived, ate and breathed auto loans. Then, when the economy and auto industry faltered in 2009, it came to a crossroads. The resulting strategy to diversify its lending business to mortgages paid off in a big way.

By adding staff, streamlining and adding innovative products, Charter Oak became Eastern Connecticut's No. 1 mortgage lender. Those new products, including Accelerator Mortgage, spoke to the times and catered to borrowers looking to free up income, or pay down debt.

Not only did the credit union's loan portfolio grow nearly 5 percent to \$488 million in 2010, its member service excellence was off the charts. The change in strategy was a win-win for members and the credit union's bottom line.

## 2011 Low/Modest Means Award



### **Latino Community CU (\$102 million+ in assets; 50,000+ members)**

- Offers a full line of financial services products to meet the specific needs of the many previously unbanked Latinos in North Carolina;
- Goal is financial prosperity for their predominantly low-income membership, which is served by a staff that is bilingual and bicultural;
- Low-cost check cashing, money transfer services and low-interest credit builder loans, are a few of the products designed to meet membership needs;
- Member Advisory Boards in each branch advise management on feedback from participants in budgeting and credit workshops;
- Offers consumer loans without a credit history and attributes award-winning financial education to its very low 2% delinquency rate;
- Partnerships with businesses and organizations aid LCCU outreach;

**Latino Community CU**, Durham, N.C., meets the needs of its members beyond product and service offerings. Its low-income membership has come to trust LCCU as a primary financial institution.

LCCU holds a distinct advantage over the competition with its mostly Latino membership in a number of areas: trust, affordable, targeted products and services and key partnerships in the community.

The credit union's products and services are uniquely designed to respond to member demand and were developed with input from their membership. At LCCU there is no pricing discrimination. Everyone pays and receives the same rates.

CreditBuilder loans, which are secured by the member's shares and help develop a credit history, are just one example of the many loan products members have available to them.

## Business Lending Award Winner 2011



**Black Hills FCU (\$880 million+ in assets; 51,000+ members)**

- Took the necessary steps to blend business lending into their corporate culture as a core product offering;
- Established a sound risk management strategy to include external reviews of their portfolio;
- Made a resource commitment of people and technology and implemented them in a disciplined way;
- A solid marketing approach that opened the eyes of business members to Black Hills FCU's business loans and services alternatives;
- Created advantage by removing administrative burden from loan officers to allow them more time to generate loan volume through targeted outside calling efforts;
- Ensured lenders remained involved at all levels of business loan decisioning in order for the lender to act as the member's advocate on a loan request;
- Expanded its offerings to business members beyond traditional loans, including ACH origination and merchant card services;

**Black Hills FCU** of Rapid City, S.D., did its homework before deciding to embark on a business services course. The result: Became a meaningful business lending player in its marketplace – and it was done in a safe and sound manner.

Through an avid marketing plan and the hiring of experienced business lenders who knew the marketplace, Black Hills FCU opened the eyes of many businesses that they were serious about providing business loans and services to their marketplace.



In addition to hiring experienced lenders, the credit union bolstered its support staff with highly trained underwriting and servicing employees. They found a niche in providing commercial real estate construction financing, an offering that was lacking in their marketplace.