Loan Growth Initiatives

AmeriCU Credit Union
Understanding Member Needs

• AmeriCU focuses on understanding members’ needs:
  – Daily Voice of Member/Mystery Shopping program
  – Annual Member Satisfaction rotated with Brand Surveys
  – As-needed focus groups, other surveys (e.g., lending survey)
• When we identify a member “pain point,” we try to develop specialized products and/or communications to address it.
Ryan Buys a House

• Our focus groups (and common sense), told us that buying a home for the first time can be intimidating process for our members.
• We created a series of videos and materials for first-time homebuyers to educate them and de-mystify the process. We reached out to a real AmeriCU member, Ryan, and followed him through the entire home-buying process. There were no scripts – everything was shot on location with real people. We also developed a web page with additional resources for our first-time homebuyers.
• Our four “Ryan Buys a House” commercials received more than 350,000 views on Hulu. The website and full-length educational videos have been accessed approximately 5,000 times.
• Since the initiative began, we have booked almost 600 loans to first-time home buyers, for a total of $63M. We average 12-16 loans per month with an average loan amount of $90-$120K.
• During our periodic promotional campaigns, we also send a “congratulations” card to new homebuyers with a $100 Home Depot gift card.
• In addition to helping our members, this program has helped AmeriCU win CUNA top prize for member financial education, as well as NYS Dejardins Award for Adult Financial Education.
SEE RYAN
BUY A HOUSE!

We know how exciting and sometimes downright scary buying your first home can be! Ryan’s been an AmeriCU member since he was 12 years old and after living in apartments for several years, he was ready to buy his first home!

Watch all four videos to follow Ryan throughout his adventures in house-hunting and first-time home buying.

1. Mortgage Prequalification
2. Shopping for the Right House
3. Making a Purchase Offer + Mortgage Application Process
4. Closing on a Home + Moving In!

Learn more or apply >>
SEE RYAN
BUY A HOUSE!

We know how exciting—and sometimes downright scary—buying your first home can be! See it through the eyes of a real AmeriCU member.

Watch all four videos of this 28-year-old engineer, as he navigates the house-hunting and -buying journey. You’ll get some great tips on the whole process—from the prequalification to the day of the closing.

Finance with AmeriCU today, and you’ll receive a $100 Home Depot gift card!
Express Vehicle Loan

• We learned that our small businesses found financing vehicles to be a very slow and cumbersome process.

• AmeriCU introduced an Express Vehicle Loan which allows these members to finance vehicles faster and more easily by underwriting based on the strength of the owner’s credit, versus the credit of the business. The vehicle is still titled to the business.
  – Borrow $50,000 or less to finance up to 120% of the MSRP or NADA
  – Terms from 12-84 months
  – No application fee & no prepayment penalty
Need a business vehicle *FAST*?

CHECK OUT OUR NEW

EXPRESS VEHICLE LOANS

Need a vehicle for your small business? Our new EXPRESS VEHICLE LOAN will put you in the driver's seat way FASTER than other lenders – without a lot of red tape and rigmarole! AmeriCU offers competitive rates, flexible terms, and quick turnarounds for both new and used cars, pick-ups, vans, and SUVs.

**RATES AS LOW AS 3.99% APR**

Only for SMALL BUSINESSES...Only at AmeriCU!
Stop by any of our 18 convenient locations or visit www.americu.org.

Equal housing lender. Membership restrictions apply. Federally insured by NCUA.

Need a vehicle for your small business?

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Need a vehicle for your small business? Our new EXPRESS VEHICLE LOAN will put you in the driver's seat way FASTER than other lenders – without a lot of red tape and rigmarole! AmeriCU offers competitive rates, flexible terms, and quick turnarounds for both new and used cars, pick-ups, vans, and SUVs.

**RATES AS LOW AS 3.99% APR**

ONLY FOR SMALL BUSINESSES... ONLY FROM AMERICU.

- Borrow $50,000 or less to finance up to 120% of the MSRP or NADA
- Terms from 12-84 months are available
- NO application fee and NO prepayment penalty
- Apply in minutes and enjoy the convenience of fast funding
- Although this loan isn't for fleet financing, we have options for that too!

It's smart to choose a financial institution that will work with you to meet your needs on your terms. Stop by any of our 18 convenient locations or visit www.americu.org.

- Annual percentage rates, fees, escrow, early payment, and terms are subject to change. Estimated monthly payment of $199.34 per $1,000 borrowed based on a maximum term of 36 months. Equal housing lender. Membership restrictions apply.
Buy Local Initiatives

• We know that it is important to our members that AmeriCU support the local communities and small business growth.
• AmeriCU supports a variety of communications initiatives, but one in particular has helped to stimulate loan growth.
• We offered a Buy Local credit card usage campaign to reward members who make purchases within an 18-county region in Upstate NY double rewards points. We introduced the campaign at the Buy Local Bash, an AmeriCU-sponsored pre-holiday Chamber event that highlights local retail.
• We had a 58% response rate to the campaign.
Use your AmeriCU Credit Card* this holiday season – and qualifying members earn double rewards on purchases made within 18 local counties between November 15th and December 31st.

Counties include: Cayuga Chenango Cortland Fulton Hamilton Herkimer Jefferson Lewis Madison Montgomery Oneida Onondaga Oswego Otsego Seneca Saint Lawrence Tompkins Wayne

Visit americu.org to learn more.
Home Equity Loans

• AmeriCU has run mass media home equity campaigns generating originations as follows:
  – $328.5M 2012
  – $388.4M 2013
  – $380.5M 2014
Competitor Catch-up

• Competitors started beating us at our own game: price.
• As a result, our originations started to dip.
• Therefore, we implemented a new strategy that is less product-driven and more relationship-driven.
New Overall Marketing Strategy

• Rather than focus our marketing efforts promoting products, we have instead focused on marketing the Credit Union throughout the year.

• The campaign is called “Beginnings” and its purpose is to engage prospective members on an emotional level, and to create the perception that AmeriCU will be there for them through all of their life’s “new beginnings” – whether they are beginning college or retirement.
Old vs. New Strategy

Product-based (OLD)  Relationship-based (NEW)
Indirect Lending Program

Over the past 11+ years, AmeriCU has developed a strong network of 85+ dealers which generates $130M+ in indirect auto loans each year which is highly profitable with not a lot of infrastructure. Some tips for building a strong indirect channel:

1. **Hire the right person needs to run program.** The person should be assertive but personable, thoroughly understand the product offerings and the competition and be on pulse of what is happening nationally and regionally. The person should also understand what is important to the dealers: quick decisions, fast turnaround, and consistent lending practices.

2. **Provide a hierarchy of decision-making for the dealer.** Somewhere for them to go to discuss exceptions.
Indirect Lending Program

3. Allow the dealers to speak directly with underwriters so that they can negotiate deals directly if necessary. Empower your underwriting staff to make exceptions.

4. Be flexible and creative and give the dealer something to work with (within the constructs of your particular lending criteria). Create the sense that the dealer is winning. It’s not all about the rate. Consider all the terms.

5. Preferably, use an automated approval system. Ours provides a decision in six minutes or less. (If you can’t afford it a system, provide a simple checklist with mandatory credit criteria for “instant” approval.)

6. Participate in those community events and causes that your dealers support.
Indirect Challenges

• Our indirect channel does create a couple of internal challenges:
  1. Cannibalism!
  2. Onboarding & engagement challenges
Cannibalism

• Our staff takes the time to prequalify members for auto loans, only to have the direct loans “stolen” at the dealership, often by AmeriCU!

• So, we pay the dealership the flat fee, but we also pay our employees time to do the prequals.

• We have tried various strategies to deal with indirect cannibalism, but with little success.
Onboarding & Engagement

• Members who finance their vehicles through the indirect channel often do not realize they AmeriCU members.
• We have tried various programs to engage these members, including dealer incentives and member incentives, but responses were tepid at best.
• We are now working on a comprehensive Onboarding & Engagement program to address this issue.
Onboarding & Engagement
Loan Growth Strategies

Strategic Partnership with the National NeighborWorks Network
We create opportunities for people to live in affordable homes, improve their lives and strengthen their communities.
NeighborWorks America Board of Directors

Thomas Curry
Chair
Comptroller of the Currency

Lael Brainard
Member, Board of Governors, Federal Reserve

Helen Kanovsky
General counsel of the U.S. Department of Housing and Urban Development

Rick Metsger
Member, Board of Directors, National Credit Union Administration
WHAT WE DO

Investing in Local Capacity

- Grants to Local Nonprofit Organizations
- Technical Assistance
- Training for Community Development and Housing Professionals

Working Together for Strong Communities
FY14
323,400 HOUSEHOLDS ASSISTED WITH HOUSING
118,200 RENTAL HOMES OWNED AND/OR MANAGED
21,000 NEW HOMEOWNERS

Working Together for Strong Communities
Working Together for Strong Communities
FY14

1.88 million

CUSTOMERS COUNSELED THROUGH THE NATIONAL FORCLOSURE MITIGATION COUNSELING PROGRAM SINCE INCEPTION

$44: $1

CONGRESSIONAL APPROPRIATION LEVERAGE

Investment per dollar of NeighborWorks America’s federal appropriation

Working Together for Strong Communities

NeighborWorks® AMERICA
20,100
Training certificates awarded to professionals
from almost
3,000
NeighborWorks Network

- Over 100 Network members are CDFIs (most residential)
- Over 150 HUD Housing Counseling Agencies
- Over 900 homeownership counselors
- 47% relationship with Credit Unions
NeighborWorks® Full-Cycle Lending Approach

1. Partnership-Building
2. Pre-Purchase Homebuyer Education
3. Innovative Loan Products
4. Property Services
5. Post-Purchase Services
6. Neighborhood Impact

Neighborhood Impact
Homeownership counselors simplify the process of buying a home.

- Calculating what is affordable
- Keeping finances on track
- Neighborhood research/tours
- Prepurchase education
- Working with real estate agents
- Downpayment assistance

- Connecting to neighborhood associations
- Mortgage assistance
- Homeowners insurance
- Understanding property taxes
- Home inspections

- Home energy efficiency
- Home repair/maintenance
- Construction referrals and monitoring
- Cost estimates
- Postpurchase counseling
What Is Financial Capability?

Financial capability means you are on the right path to achieving goals.

It’s the ability to navigate life’s events. It’s more than just setting financial goals...it’s actually building towards them.

It means knowing what steps need to be taken...and taking them.

MANAGING FINANCES

ADJUSTING DAILY SPENDING

DEVELOPING A SAVINGS PLAN

UNDERSTANDING CREDIT

NeighborWorks organizations across the country can provide you with...
America at Home: Homeownership Today

88% of adults rank owning their own home as an important element of their “American dream.”

75% agree that the home-buying process is complicated.

Where do people thinking about buying a home first seek advice?

- 39% from friends and family
- 17% Internet
- 16% Realtors
- 17% other
- 9% lenders

Before you buy a home, consult a HUD-approved housing counselor. Go to nw.org/local to find a NeighborWorks organization.

*This telephone survey was conducted of a nationally representative sample of 1,000 U.S. adults. It has a margin of error of +/- 3.1 percentage points. Conducted by Widmeyer Communications, a Finn Partners Company, for NeighborWorks America, Sept. 23-26, 2013.
EXAMPLES OF PARTNERSHIPS THAT SUPPORT LOAN GROWTH
BOISE, IDAHO
Purchasing A Home

**Fixed Rate Home Loans**
These loans have the same interest rate for the life of the loan. This is the most popular type of home loan because it is easier to budget. Generally, the shorter the term, the lower the rate.

- Protection from rising interest rates
- Predictable monthly payments
- Low, affordable interest rates
- Multiple terms available - 10, 15, 20, and 30 years
- No initial loan application fees
NHS, Inc./Idaho Central Credit Union (Boise, Idaho)

- Pre-purchase and Lending Partnership
- Established in September 2010
- 80/20 (80 1st Originated by Idaho Central CU/ 20% originated by NHS, Inc. Lending)
- Average income is 59% AMI
- Average Rate 4.79%
- Average Rate on 2nd 6.375%
- Average 1st Loan size $101,600
- Average 2nd Loan amt. $26,700
- Average fee $500 for counseling agency
- Closed 35 Loans
HONOLULU, HAWAII
The DPAL Program

Low 5% Down Payment Loan Program

- Owner Occupant First-time Home Buyers only
- Low 5% down payment requirement
- No mortgage insurance required
- Interest rate = up to 2% above first mortgage rate
- 20 year amortization, due in 15 years
- Home buyer education required from the Hawaii Home Ownership Center
Relationships for 80/15/5 Loan Product

1. University of Hawaii Federal Credit Union
2. HHOC Mortgage Lending
3. $1m DPAL
4. Brokered 1st Mortgages
5. $50k LLR
6. 1st Hawaiian Bank
7. Hawaii Homeownership Center / NeighborWorks
The DPAL Program

Frequently Asked Questions

Who is eligible for the DPAL Program?
In general, you must meet the following criteria:
- Must be a first-time homebuyer or have not owned residential property within the last three years.
- Must meet the loan program guidelines.
- Must complete (approximately) 9 hours of homebuyer education with the Hawaii HomeOwnership Center (live class or on-line class).
- Must complete one counseling session from the Hawaii HomeOwnership Center.

Is the DPAL Program available if I’m purchasing any property in the State of Hawaii?
A single family dwelling, condominium unit or townhouse property is eligible. Contact Rachel Willis at (808) 369-8295 for assistance and details.

What is the maximum loan amount for the DPAL Program?
The maximum loan amount for the Down Payment Assistance Loan is $75,000;

Where and when can I apply for the DPAL Program?
To determine if you are eligible, you should speak to our Loan Officer at HHOC Mortgage. If you are eligible, DPAL funds will be reserved once you’ve entered into a purchase contract and have completed the loan application process.

Is there a maximum purchase price to qualify for the DPAL Program?
If you are putting only 5% down, then yes the maximum purchase price is $500,000 – provided the borrower is qualified.

What is the interest rate and loan term for the DPAL?
The interest rate is 2% above the first mortgage rate. The loan is fixed for a 20 year amortization and due in 15 years. For example, at a $400,000 purchase price:

<table>
<thead>
<tr>
<th>Mortgage</th>
<th>Loan Amount</th>
<th>Interest Rate</th>
<th>APR</th>
<th>Payment</th>
<th>Loan Term</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st mortgage</td>
<td>$320,000</td>
<td>4.50%</td>
<td>4.648%</td>
<td>$1,621.39</td>
<td>30 years</td>
</tr>
<tr>
<td>2nd mortgage (DPAL-3)</td>
<td>$60,000</td>
<td>6.50%</td>
<td>6.701%</td>
<td>$447.34</td>
<td>20/15</td>
</tr>
<tr>
<td>5% Down Payment</td>
<td>$20,000</td>
<td>(Interest rates as of: July 24, 2013 – borrower subject to prevailing rate at loan approval)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Can I use the DPAL Program to purchase a property other than a principal residence?
The DPAL Program is strictly for a first-time homebuyer that will occupy the property as their principal residence.

Are there Deed Restrictions?
There are none.
Results

• 29 loans completed
• $1m in dpa loaned and UHFCU added an additional $500,000
• Nearly No Losses to Date
• 2nd Partnership with HawaiiUSA FCU $500,000 launched
When It Works Really Well

- Meets or beats FHA in terms of the value proposition to the customer or fills a market niche
- When the Credit Union Provides the majority of the capital
- Credit Union gains new members
- When a loan origination or counseling fee is possible for the NeighborWorks Organization
Steve Barbier
Relationship Manager Homeownership
Rocky Mountain Region
NeighborWorks America
303-782-5463
sbarbier@nw.org
Making Dreams Possible

Verna Jetter thought she was destined to rent for life. Then she discovered NeighborWorks of Western Pennsylvania, and found education specialist Margie Howard. “She helped me put my problems in perspective and walked me through everything I needed to do.” Today, not only is Verna a homeowner, but her 22-year-old son, Justin (right), benefited as well. He learned the disadvantages of multiple credit cards. Now, they are a financially healthy family!

“I thought my own home was unobtainable. I was wrong.”

NeighborWorks America | 2014 Annual Report