



Keeping it Local: Redwood CU significantly grows mortgages by managing real estate services in local branches

Redwood Credit Union, like many credit unions nationwide, had a spike in new members following last year's Bank Transfer Day. And for this northern California credit union, whose membership numbers more than 220,000, the BTD effect continues six months later – not just in more members, but additional mortgage business, too.

Member growth: More deposits, more lending

“Bank Transfer Day got people thinking about their banking relationships – beyond simply being close to work or where they’ve always had a checking account,” said Robert Friedman, Business Development Officer at Redwood CU. The credit union is among the nations largest, with \$2 billion in assets, 18 branch locations and 380 employees. “With more members come higher numbers of deposits. But as a cooperative, we strive for balanced growth, so we needed to lend those dollars out,” he said.

Rather than focusing on smaller loans like credit cards and autos, Redwood’s lending strategy looked into growing its mortgage business ... with the help of a revitalized strategy that promotes and operates real estate services at the branch level.

Branches: The heart and soul of communities

“Redwood has participated in the CU Realty Services program since 2005, but we never fully optimized it,” said Friedman. He considers it one of the credit union’s best member benefits – a full range of real estate services including a pre-screened Realtor® network, online home search, MLS access, discounted Realtor commissions, lending and title services.

Redwood President/CEO Brett Martinez agrees. “Our relationship with CU Realty allows us to offer our members great value and convenience during the home-buying process. At the same time, we are supporting our communities by referring members to knowledgeable local professionals who share our philosophy of serving our members best interests.”

By connecting with home buyers and sellers early in process – before they are directed to another lender through an agent or online promotion – Redwood is closing more mortgage loans, according to Friedman.

“Our secret was building awareness of the program among the staff and the members who use our branches,” he said. “After all, branches are the heart and soul of the communities we serve. Members do business at the branches on a daily, weekly or monthly basis – and that’s where they start when inquiring about mortgage loans.”

Friedman said the first step was to train every staff member at every branch on the CU Realty program – what it is, how to engage members with it, how to register members for it. To ensure employees were committed to the program, Redwood offered incentives to staff and included cross-sells of the program in the branches' monthly targets. "The CU Realty program adds great value, so when members hear about it, they want to participate," said Friedman.

The proof is in the numbers. Not only has Redwood doubled its business with CU Realty in the first quarter of this year compared with the first quarter of last year, it's more than doubled the number of mortgages closed through the program. In fact, compared to first quarter 2011, Redwood experienced a 62 percent growth in closings during first quarter 2012. And its second quarter is looking even better, with growth nearing 400 percent for closings made using the CU Realty process.

Convenience and savings

Friedman cites two program components as key to Redwood's success in growing its purchase mortgages: the exclusive Realtor network and the commission rebate. And for credit unions looking at real estate services, he suggests enhancing these benefits at the local level.

- Nurture credit union-savvy Realtors: "CU Realty works by looking for opportunities in given geographical areas to form partnerships, recruit Realtors and educate them on credit unions. They are set up to do this, and do it well," said Friedman. "But another aspect of it is personal relationships – Realtor relationships have got to work at the branch level."

Redwood became engaged in the process, getting to know local agents, building strong connections with them, and then recommending them to the CU Realty network.

"We've had great success through supporting our Branch Managers as ambassadors for the CU Realty program and encouraging them to establish relationships with the local Realtors in their communities," said Anne Benjamin, Redwood's Executive Vice President/COO. "Members love that they are getting referred by a trusted financial partner so they feel good about the Realtor relationship, and they appreciate the savings, too – it's a win-win-win for the member, our local Realtor partners and Redwood Credit Union."

- Focus on the rebate: In exchange for a referral pipeline of quality home buyers and sellers in their market, participating Realtors provide a percentage of their commission back to members at closing. "Promote the rebate as a tremendous member benefit – because it is!" said Friedman. "It is the single, largest benefit a member can receive from a credit union. What else pays a member \$1,000 or \$2,000 at no cost to the credit union? There's no other benefit you can offer that provides that level of return to the member at one time."

Friedman acknowledges his credit union is breaking the mold by making branch locations the hub for its mortgage program, as most credit unions have a corporate-centric model for providing mortgage services. But he believes – and Redwood's results show – that mortgage services are best suited at the branch level.

“When you’re sitting in an office miles away, you can’t really know what’s going on with members at the branch level,” said Friedman. “Our branches are our eyes, ears and feet on the ground – they know our members best, and they have the relationship that allows them to offer the products that best meet the member’s individual needs. When it comes to our increasing our purchase mortgages, we’ve been very successful engaging at the branch level.”

Redwood Credit Union is a participating partner in CU Realty Services. Learn more at www.redwoodcu.org or www.curealty.com. Robert Friedman may be reached at (800) 479-7928.