

How a Comprehensive Real Estate Program Transformed Our Business

By

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Today's home buyers are nothing like their earlier counterparts. In years gone by, if you wanted to get information on a home listed for sale you had to contact a real estate agent. Agents controlled access to homes and information, and they also influenced the selection of lenders. The internet changed all that. Now most home buyers start their home search online, without an agent, and they can access mortgage applications from the same real estate portal.

The Mortgage and Real Estate Industries Have Evolved. SPIRE Credit Union Needed to Evolve as Well.

Founded in 1934, SPIRE Credit Union has been offering mortgage loans to our members for decades. The strategy was pretty simple: advertise competitive interest rates, wait for members to call, write and close the loan, and then—as is common—sell off the loan. But times have changed. Home sales were up, but our purchase mortgage volume numbers were stagnant. Obviously, we were missing opportunities.

As an organization, we have set a goal to implement a full-service real estate solution beginning in 2018. We felt strongly that making real estate services a top priority would pay off with a lift in member loyalty and peace of mind. The new program will focus on two critical innovations that are important to our members: in-house loan servicing and a turnkey real estate program, which will be implemented in phases.

Over the years, we found that our members were disappointed when they learned that their loan was being sold off. This is because they really want to do business with SPIRE and they want to keep that business at SPIRE. Member loyalty like that deserves a reciprocal measure of allegiance from us, so it was an easy decision to **add in-house loan servicing** to our larger, long-term plan.

Because home buyers now start their search on the internet, we knew we needed a turnkey real estate program that could provide our members with online tools to search for homes, set up property alerts,

and connect with qualified, local real estate agents. Some CUs opt to build their own system in-house. With my experience at other credit unions, I knew that creating this kind of turnkey program in-house would be too difficult. Instead, we were thrilled to find all that we wanted and more in **HomeAdvantage®, a turnkey real estate program** from CU Realty Services. Because we implemented HomeAdvantage before we executed any other new tactics, it is the foundational component of SPIRE's new comprehensive real estate program.

The features of HomeAdvantage were attractive on their own, but the program comes with a benefit that makes it even more appealing: members who buy or sell their home using an approved real estate agent qualify to earn HomeAdvantage Cash Rewards at closing. One of our core missions is to improve our members' financial well-being and this helps us do that.

Here's What Happened, According to the Numbers

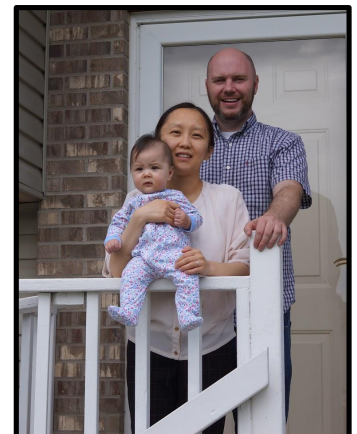
The success we have seen so far has been remarkable! Part of that is due to launching HomeAdvantage at the start of our process, instead of waiting until the end. The program automatically monitors and tracks our progress, which makes it easy to measure our success. Within just six months of starting the program, HomeAdvantage helped SPIRE:

- Identify more than 910 members who are considering buying or selling
- Engage with 460 prospective buyers not yet pre-qualified for a loan (216 describe themselves as buyers purchasing in 6 months or less)
- Finance 20 new homes for our members
- Give back \$34,854 to members at closing via Cash Rewards

Here's What Happened, According to Our Members

Beyond the numbers, we've received positive feedback from members like See and Van Ostvig. See shared their experience with our new real estate program and HomeAdvantage. A growing family was the catalyst behind this couple's search for a three-bedroom, single-family home.

"We had been renting a townhome that we thought would be large enough. But after our



baby arrived, my husband and I realized it was just too small. We couldn't really even walk around and rock her to sleep."

Big life changes—marriage, an empty nest, retirement or the arrival of a new baby, like the Ostvigs—often spark decisions to buy a home. For those of us who work in the financial industry, it's easy to focus on the business of promoting interest rates and closing loans. But it's important to remember that our **members are not shopping for mortgages; they are shopping for a home.**

"We wanted to find a home that we could stay in for years. A home for our entire family."

Last year, when the Ostvigs began considering the purchase of a new home, they also began searching for a financial partner that could help them navigate through the entire process. The HomeAdvantage program is the reason they joined the SPIRE family. *"We found that SPIRE had a great reputation, and we liked that the credit union was smaller than other options. We felt we would get better service and better rates. The HomeAdvantage program meant that SPIRE could provide everything we needed for our home search. Plus, the Cash Rewards was very attractive! The combination of all of these things is why we opted to become members and get our mortgage from SPIRE."*

Credit union members want to know that their CU can help make the (often emotional) journey to homeownership easier. HomeAdvantage allows us to provide enhanced member services and answer that need. It accomplishes this by helping our mortgage team identify and support those members who are considering a home purchase but have not yet fully committed to the process.

"SPIRE did a really nice job of helping us. This was our first home, so we didn't really know what we were doing. They explained everything to us, let us know what we needed to do, what needed to be signed and when it needed to be done. SPIRE was also able to work directly with our real estate agent and copied us on their email interaction, so we were always in the loop with that relationship, too."



For members, HomeAdvantage provides all the tools they need to find their perfect home. They access HomeAdvantage from our SPIRE website, and from there they can search for homes, set up MLS property alerts, and connect with qualified, local real estate agents.

“We used HomeAdvantage exclusively for our home search. My husband set up searches so listings were automatically emailed to us. We were able to pinpoint locations, determine distance from his office, look at schools ... all the things we needed. We also found our real estate agent through HomeAdvantage. It was very important to us that our agent was familiar with where we wanted to live. We were able to find someone who actually lives there. Once we began working with the agent, he helped us customize our search criteria so the listings from HomeAdvantage were an even better fit. It was very easy to use.”

Additionally, the program provides savings to members at closing through HomeAdvantage Cash Rewards. This is a feature our members have been thrilled with. When they use a real estate agent in the HomeAdvantage network, they qualify to earn a cash-back benefit equal to 20 percent of the agent’s commission for each transaction. The average savings is \$1,500 per transaction so members who use a qualified agent to sell and then buy a property earn Cash Rewards twice!

“We put our Cash Rewards toward closing costs, which was a very nice way to save cash. With what we saved, we were able to buy new furniture for our new home. This was great because we didn’t have any furniture, especially for the family room, where we needed a couch.”

Now six months into our new program, I believe our two-phase approach has been smart. Launching the HomeAdvantage program first—a step that is attracting more business into our mortgage pipeline—provides time for SPIRE’s mortgage team to adjust to higher volumes before taking on the servicing aspects.

The full program will be operating by mid-2018. Once that happens, we expect that SPIRE’s member-satisfaction metrics will confirm that this was the right move. And, we expect that our purchase mortgage volume will increase over time as we begin to really build our lead pipeline and use the marketing tools available through HomeAdvantage.

About SPIRE Credit Union: A full-service financial institution, proudly serving Minnesota and Wisconsin residents since 1934. SPIRE is committed to providing smart products, great rates and excellent service with a goal to improve the financial lives for both personal and business members. SPIRE has 17 branches across the metro and throughout northern Minnesota.

About CU Realty Services, LLC

CU Realty Services provides real estate services to credit unions across the nation, helping them increase their purchase mortgage business. Launched in 2001, the CUSO has worked with more than 100 credit unions and mortgage CUSOs nationwide to offer its turnkey real estate program, HomeAdvantage. Through the program, credit union members can search for homes, research neighborhoods, calculate costs of homeownership, connect to experienced real estate agents, and earn HomeAdvantage Cash Rewards. By offering this program to members, credit unions are able to attract, identify and engage more home buyers, and consequently close more loans. To learn more, visit www.curealty.com.