

Creating the Experience

AurGroup Financial CU's Vision for Its First-Time Homebuyer Program

By myCUMortgage

In today's competitive mortgage market, credit union lenders who offer mortgages to their members must think outside of the box.

"Build it and they will come" doesn't work these days. The current purchase market demands creativity, knowledge about potential borrowers and targeted marketing strategies.

If you want to succeed selling mortgages, you must identify and target your most viable audiences.

First-Time Homebuyers (FTHBs) have always been a segment in this formula, and over the years, many lenders have exhibited some innovative campaigns to gain this share of the market.

However, in recent years, there has been a heavier focus on refinances. And today's first-time homebuyers are generally Millennials, who have turned traditional lender marketing and communications on its head. What was tried-and-true for first-time buyers yesterday doesn't necessarily work today.

This has credit union mortgage lenders asking themselves, Should there still be a focus on first-time homebuyers? Is it worth the effort?

According to Lisa Peter, Retail Mortgage Manager for AurGroup Financial

Credit Union in Fairfield, Ohio, not only is it worth the effort but it is a must-do for credit union lenders.

"We are passionate about the 'people helping people' credit union philosophy—we put it into practice every day," Peter said. "It's part of our fiber."

This philosophy carries over into AurGroup's mortgage lending, where they believe in doing all they can to help their members achieve homeownership. That most definitely includes first-time homebuyers.

WHY FIRST-TIME HOMEBUYERS?

AurGroup, which has 16,000 members and more than \$152 million in assets, approaches and addresses the first-time

homebuyer segment for two primary reasons.

The first is simply that it is a viable audience in mortgage lending. Recent surveys show that first-time homebuyers make up approximately 34% of the market. With that size of a share in the total mortgage market, credit unions need to consider first-time homebuyers in their lending strategy.

More importantly, however, members are the primary reason AurGroup focuses on this segment. They do so for several reasons.



“First off, we feel this group of borrowers is particularly vulnerable to misguidance from other sources,” said Peter. “Often, due to their lack of knowledge around buying a home, they fall victim to mortgage products that are not in their best interest and can be financially destructive to their future.”

She listed high interest rates, escalating adjustable rates, excessive fees and unnecessary supplemental products, to name a few potential dangers.

For credit unions, it’s for this very reason that member education and advocacy should be of the utmost importance, according to Peter. After all, this is likely the most important financial transaction of their lives.

“Sure, your members may buy other homes in their lifetimes, but the first home is special, both to them and to us. It gives us great pride and satisfaction to help them navigate this milestone,” said Peter.

She reminds us that a home loan is just one piece of establishing a lifelong financial partnership with the member, one that could lead to future home loans and other financial needs.

BUILDING AND EXECUTING A PROGRAM

To get their first-time homebuyer program up and running, AurGroup looked at the major hurdles these borrowers face. For first-time buyers, the burden of a downpayment was clearly an issue. Whether it was misperceptions about the amount needed for a downpayment or simply lack of available funds, the downpayment stopped many a first-time buyer in their tracks.

“Our first-time homebuyer program requires no money down with no PMI. Our requirements include a 680 credit score as well as meeting standard underwriting guidelines for employment and income calculation,” said Peter.

“We believe in the power of ‘yes’ and try to do all we can to find a way to give value to

our members. This no-money-down, first-time homebuyer loan is just one of those ways.”

The FTTHB program focuses on helping increase the homeownership rate in their community as well as providing a solution to AurGroup members that promotes homeownership. Peter noted that their members have shown great appreciation to the credit union for its willingness to help them reach their dream of homeownership.

In order to help as many first-time homebuyers as possible, AurGroup employs multiple marketing tactics to reach potential borrowers. The credit union regularly holds “First-Time HomeBuyer Seminars” and publicizes them through social media and its consumer lending staff.

They use these outlets to inform potential borrowers about the loan program itself. Plus, they incorporate traditional flyers into the mix and provide program information for Realtor presentations.

To date, AurGroup has had a great deal of success with the program since it was rolled out in mid-2017. And it has helped the credit union attract and meet new real estate partners who are vital to the success of any mortgage program.

Also contributing to the success of this and other home loan programs is AurGroup’s partnership with myCU-

mortgage. With just a team of two (including herself), it’s important to establish a partnership with a strong mortgage services provider. Doing so gives them peace of mind knowing that the experts have their backs.

“When we became a partner credit union, we were most excited about having the compliance and technology burden off our shoulders,” she said. “But what we gained was so much more than that—we gained a true partner to rely on each day for scenarios, feedback, education, servicing and more.

“Without such a partnership, a credit union mortgage opera-



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tion would be hard-pressed to dedicate their focus to first-time homebuyers and other borrowers in their communities. Our partner has enabled us to do that,” she added.

WHAT’S NEXT?

With the satisfaction and success AurGroup is having with their FTTHB program, there is only growth and expansion

of the program in sight, particularly around building relationships with everyone involved in the homebuying process, as well as capitalizing on arising opportunities.

“On the consumer side of the credit union, we offer a ‘Credit Builder’ loan product that helps members establish and/or repair their credit. We want to incorporate that product into our ‘First Time Home Buyer Seminars’ to better prepare borrowers for homeownership.

“When they leave our seminar, they will know their credit standing and the areas they need to work on so that we can better help them reach their goal of home ownership,” emphasized Peter.

AurGroup also looks to continue and grow its work with local Realtors to promote and enhance their unique first-time homebuyer experience.

Be it with home loan programs, providing financial literacy from elementary to high school, providing consumer education or giving back to their community, AurGroup is dedicated to the “people helping people” philosophy.

“We focus on building relationships, not accounts and transactions. Whether we help a first-time homebuyer with a home loan today or help them start a savings program and repair their credit for a home loan years from now, we are simply honored to be a part of their lives,” said Peter.



With nearly 200 partner credit unions across the country, myCUMortgage provides comprehensive services, including processing, underwriting, secondary market services and mortgage servicing that meet the entire range of mortgage financing needs. For more information, visit mycumortgage.com.

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