Operations

A CUSO Evolution

The growth of CUSOs has mirrored the challenges and issues CUs have faced over the years.

By Dianne Molvig April 08, 2014 Comments (0)

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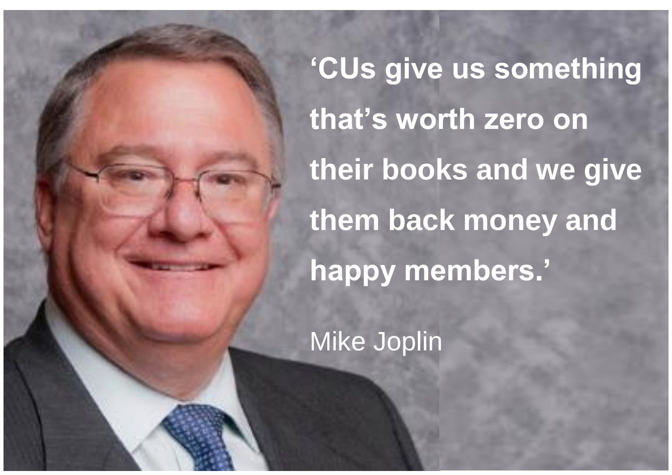
Bringing members back

Among the newer CUSOs is San Diego-based CU Revest, which addresses one of life's hard truths: Bad things happen to good people.

"People are suffering who normally wouldn't have fallen victim to these economic times," says Mike Joplin, president/CEO. "We reach out to those people and bring them back as members."



CU Revest was launched in March 2013. It's owned by Servatus, a company owned by Joplin, his wife Raechelle, and five credit unions.

Here's how it works: A credit union turns over its charged-off accounts to CU Revest, which contacts the former members who owe money. Many have gotten back on their feet financially but have been left with no banking relationships.

"They're prime candidates for coming back to the credit union," Joplin says, "with the caveat that they pay what they owe. There's no free lunch."

Other than the charged-off paper, credit unions make no investment in the CUSO. "They give us something that's worth zero on their books," Joplin says, "and we give them back money and happy members."

When CU Revest succeeds, it gets a percentage of the recovered dollars. Agree Kinecta Federal Credit Union in Manhattan Beach, Calif., for example, turned over 12,000 charged-off accounts to CU Revest at the end of June 2013. By year-end, the $3.3 billion asset credit union recovered more than $300,000 and welcomed back 300 members.

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Getting the CUSO off the ground was "a daunting task," Joplin admits, largely because he approached credit unions as someone from outside the industry. He had been in the debt-buying business since 1989, initially buying charged-off loans from government agencies and later from banks and finance companies.

Joplin discontinued all of that in 2012 to focus solely on credit unions, figuring that banks don't value a restored customer relationship as much as credit unions do.

Credit unions also badly need capital, Joplin says, and CU Revest is a capital recovery model. "Credit unions have left 10% to 15% of their charge-off money on the table," he says. "When you have $20 billion in charge-offs since 2008, 15% of that is huge."

Resources

- ▶CU Revest: *curevest.com*
- ▶Buffalo Pacific: *buffalopacific.com*
- ▶Messick & Lauer: *cusolaw.com*
- ▶Mortgage Liquidity Solutions: *mortgageliquiditysolutions.com*
- ▶NACUSO: *nacuso.org*
- ▶Ongoing Operations, a CUNA Strategic Services alliance provider: *ongoingoperations.com*
- ▶Open Technology: *open-techs.com*
- ▶S3 Shared Service Solutions: *s3cuso.com*