PRESS RELEASE

# MariSol Magic:
## Arizona CDCU Makes the Most of Merger

**Phoenix, AZ – February 2014** – While it has become common to decry mergers among credit unions, the CEO of one Arizona credit union says mergers have helped her institution better serve more members.

Robin Romano serves as CEO of the 7,100-member, $33 million MariSol Federal Credit Union as well as on the board of the National Federation of Community Development Credit Unions.

Romano is one of a small number of credit union CEOs who know what it is to both work in credit unions and regulate them, beginning her career first working in a credit union then becoming an NCUA examiner before being asked to serve as CEO of MariSol in 1999.

Founded in Phoenix, Ariz., in 1954, MariSol has grown both organically and through mergers to its current size, Romano described, gathering additional communities and cultures as it did so.

The merger growth began when MariSol, then called the Maricopa County Employees Federal Credit Union, merged with Sun Catholic Credit Union in 2002, a move which felt largely natural, Romano said.

“They had a field of membership that had a lot of people of Hispanic origin in it already and we had a predominantly Hispanic membership,” Romano said, “so merging the two was not too difficult.”

Romano said MariSol had taken care to try to maintain Sun Catholic's culture within MariSol and to make sure that the new members felt included in their new credit union, including growing their board of directors from seven to nine members.

The next merger came in 2006 when a small credit union associated the chapter of a local social welfare group, the Order of Oddfellows, merged with MariSol and, in 2009, the Chicanos Por La Causa credit union merged in as well.

“The CPLC merger was a really big step for us,” Romano said, “both because it was the depth of the Great Recession and merging was a real challenge and because they opened our eyes to a lot of new things.”

Specifically, the CPLC credit union had been certified previously as a Community Development Credit Union by the U.S. Treasury Department's Community Development Financial Institutions Fund and had been part of the National Federation, Romano said.

Many of the walls of businesses in the credit union's downtown Phoenix neighborhood boast brightly colored murals on them. This is the side wall of the credit union's own building.

“Prior to the CPLC merger, I really hadn't known much about the CDFI Fund or the Federation, but after the merger we came to know the Federation and the Federation helped us renew the CDFI certification, which CPLC had let lapse simply because they lacked the personnel to be able to handle that,” she said.

MariSol applied for a CDFI grant in 2010 and received $750,000 to help with its outreach to area Hispanic communities. The money was especially welcome because MariSol had been $20 million in assets when CPLC brought its own $5 million in assets and because of its loan losses, and capital to start any new work had been hard to find.

The credit union's growth has allowed it to offer an expanding range of products to help its lower income members cope with financial challenges and move forward.

One of those, the Quick Loan program, MariSol launched in 2007 as a way for its members to avoid the high interest rates of payday loans.

“A wide range of our members were going to payday lenders,” Romano said. “They liked the no questions asked aspect of the loans and their speed. So we set the program up to be funded quickly with a direct deposit account and having had a job for six months.”

In addition, the loans are paid back in three months, not one pay period, and carry a savings component. Members will take out the loan for $500, but repay $570 with the $70 going into a savings account which usually sees them continue in their savings habits, Romano said.

“The thing is, that savings component is one of the most well-liked parts of those loans,” she said. “That $70 is a big deal for them to attain at the end of the loan period.”

Another program is the Pay Yourself Mortgage, a housing finance program that provides mortgage loans to lower income members. One major difference in the program is that while it requires a down payment of between 3% and 5%, it does not carry any mortgage insurance.

Instead, MariSol charges a premium of 75 basis points of the loan, with the borrower paying a savings account from which they cannot withdraw for five years. After five years, they can take out up to 50% to help make some substantive repair and remodeling to the property and after 10 years, the borrowers are able to access the full amount if they want.

“It means we accept some of the risk the mortgage might default,” Romano said, “but we solidly underwrite the loans and, when compared to the 1.25% that mortgage insurance often costs, ours is a really pretty good deal.”

Romano noted that the credit union works with a housing organization that helps members raise the down payment needed and that, should the loan default, the credit union has access to the savings account to help defray any losses the credit union might face.

Romano stresses that every merger is different and that it is always challenging to take one on, but she urged that mergers need not be seen only in a negative light. In many ways, mergers can help credit union members preserve and expand their options, products and services they would not be able to otherwise.