

Local Launch Credit Union building branch in Titusville; a surge in lending

By Ken Datzman

TITUSVILLE — Launch Credit Union, which continues to evolve with products and services to meet the needs of its members, is following up on its longtime success in this North Brevard community and has broken ground on a full-service retail branch on South Singleton Avenue.

Commercial real estate investment dollars continue to flow into this market, which has seen a resurgence led by private space companies and a range of businesses locating and expanding here, like Launch Credit Union.

“Titusville is growing. I say it all the time, we are the ‘new’ Titusville. We’re back. We are no longer the city east of Orlando, or the city north of Melbourne, or the city south of Daytona. We are ‘Titusville.’ And Launch Credit Union has been part of the Titusville family for a long time. Now, they are investing again in our community. We’re pleased to see that,” said Titusville Mayor Dan Diesel, a former educator and football coach who brings a fresh approach to politics.

More than 30 years ago, Launch Credit Union opened a branch on South Washington Avenue in Titusville, when it was Kennedy Space Center Credit Union.

“We have seen overwhelming demand for our services at the South Washington Avenue location,” said Percy Cohrs, board chairman for Merritt Island-based Launch Credit Union.

“And now we have broken ground in Titusville for a new branch. This will be our 17th branch, stretching from Ormond Beach to Palm Bay. Being a locally based financial institution, we invest in the communities we call ‘home.’ We are delighted to be expanding with our second full-service branch in a growing Titusville.”

Millions of dollars are being pumped into new commercial construction projects as well as redevelopment and repositioning of older facilities in Titusville. The commercial building surge started several years ago.

“Developers are really interested in this area, and I think a lot of that has to do with the space program,” said Lisa Nichols, the economic development director for the City of Titusville.

“There is so much excitement that has been generated around the space program.”

She added, “There are a lot dollars being invested in downtown Titusville alone. And there is activity going on in other areas of the city as well.”

A group of community leaders recently gathered at a ground-breaking ceremony for a future branch of Launch Credit Union. The branch is expected to be completed in the fall of 2022.

Launch Credit Union is making a more than \$2.5 million investment in Titusville, including the land purchase for the new branch.

During the past year, Launch Credit Union has expanded its services to include small-business loans, commercial real-estate lending, and student loans. It has also begun merchant services point-of-sale financing.

And the credit union now offers investment and retirement services.

Launch Credit Union has been growing across its service footprint, especially in Brevard.

“It’s a good time for us to be expanding,” said Linda



BBN photo — Adrienne B. Roth

Merritt Island-based Launch Credit Union is expanding in Titusville with a second full-service branch. Construction is underway at 90 S. Singleton Ave. Joe Mirachi is CEO of Launch Credit Union. During the past year, his institution has expanded services to include small-business lending, commercial real-estate lending, and student loans. Launch Credit Union also offers investment and retirement services. Mirachi said his organization has seen a strong demand for small-business loans.

South, a Launch Credit Union board member whose institution is rated 5-Stars by Bauerfinancial.com. “We just hit a milestone — \$1 billion in assets.”

“The pandemic has created opportunities for new and innovative businesses. And we are now catering to some of those firms providing small-business lending. We’re now able to help small businesses take that next step in their growth cycle,” she added.

South said Launch Credit Union had been looking for a

site to build a second branch in Titusville for some time.

“And it had eluded us until now. This location at 90 S. Singleton Ave. is excellent. We are excited about the opportunity to serve members close to their homes.”

Established in 1963, Launch Credit Union has more than 70,000 members and 310 full-time employees. Membership is open to all who live, work, worship, or

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Launch Credit Union

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attend school in Brevard, Volusia, Flagler, Orange, Seminole, or Osceola counties.

"We are proud to be expanding in the Titusville market," said Launch Credit Union CEO Joe Mirachi. "Despite the pandemic, Launch Credit Union has continued to grow and thrive, and our North Brevard customer base is no exception. This new branch will help add convenience and exceptional service for our members in the Titusville and Mims areas."

He added, "At our branch on South Washington Avenue, we have more than 11,400 members, and continue to grow at about 100 members a month. Obviously, we have attrition, but the net growth is probably 20 to 30 members a month at that location, which is impressive. We are bursting at the seams there. That branch was built some 30 years ago. With our new branch, we wanted to be on the north side of town, so it balances our geographic footprint in Titusville."

Rhodes Building Co. is the project's general contractor. The new facility is expected to create 286 construction related jobs over the next six months.

Matthew Rhodes, company president, said his firm has had a 10-year business relationship with Launch Credit Union.

"It's been a great partnership," said Rhodes. "We have done all of Launch Credit Union's new construction projects and renovation projects over the last decade. This is the fifth new branch we are building for them. It's a design-build undertaking, so we have been involved from the beginning."

Last year, Launch Credit Union opened a branch at 685 S. Babcock St. in Melbourne. Rhodes Building Co. fully renovated a former bank facility at the site, turning it into one of the most attractive redevelopment projects along that growing business corridor.

"We pride ourselves on having attractive facilities in convenient locations," said Mirachi. "We are not flashy, but we meticulously maintain our facilities. While we have 17 branches, three of them have restricted access (such as the one at NASA's Kennedy Space Center). Of the 14 branches we have in various communities, nine are in Brevard County and five are in Volusia County."

The second Titusville location will be Launch Credit Union's fifth new branch in the last five years, said Mirachi. In 2019, Launch Credit Union invested in a new 5,000-square-foot branch at the Hammock Landing shopping plaza in West Melbourne.

"We have been on a good pace filling in coverage gaps in our footprint, both in Brevard and Volusia counties. This should meet our requirement to conveniently serve customers. We don't expect to build any more branches for the next two to three years. Now, it's about scaling up the branches we have," said Mirachi.

In addition to facility expansion, Launch Credit Union transitioned its structure from federal charter to state charter in August 2020, creating more flexibility for growth opportunities, such as small-business lending and commercial lending.

Business lending at Launch Credit Union has quickly taken off. "It's a testament to the demand in the market," said Mirachi. "We are looking to expand business lending. We see a good opportunity helping small businesses. Launch Credit Union is part of a joint venture with about 60 other credit unions. We are plugged into their technology and their expertise. As a result of that joint venture, we were able to get business lending up quickly. We started last year with Paycheck Protection Program (PPP) loans and have since expanded into commercial lending."

Credit union business-loan portfolios surpassed \$82 billion at the end of 2020, which is a 15 percent

increase over 2019, according to the Credit Union National Association.

Driving that increase is an upward trend in the average size of a credit-union business loan. The 2020 average business loan was \$390,000.

Credit unions continue to gain experience in business lending, which has allowed them to increase the size and complexity of the loans funded, reports "Credit Union Times" about business-lending trends.

In December 2019, Launch Credit Union joined what is called a "Credit Union Service Organization," or CUSO. These entities provide credit analysis, loan-document preparation, relationship management, and local servicing for credit unions, as deemed prudent by its board of directors and in the best interests of its credit-union partners.

The name of the CUSO that Launch Credit Union is part of is Member Business Financial Services, or MBFS, headquartered in greater Philadelphia. Mirachi is a board member of that organization.

"They have been up and running for over a decade and are approaching \$2 billion in loans they are now servicing. MBFS has a great technology platform and expertise in underwriting and handling all the functions of business lending," he said.

Historically, Launch Credit Union has been a consumer-oriented financial institution offering a full line of products, including checking accounts, vehicle loans, and mortgages.

"And we have been successful doing that. But we felt we could have a bigger impact in communities by expanding our services to small businesses," said Mirachi, who took charge of Launch Credit Union in August 2012, when it had just under \$600 million in assets.

In July 2020, Launch Credit Union was ranked fourth in a Florida credit union survey by "Forbes" and market-research firm Statista.

In the survey, titled "America's Best-in-State Credit Unions 2020," financial institutions were scored on overall recommendations and satisfaction, as well as five sub-segments (trust, terms and conditions, branch services, digital services, and financial advice).

Launch Credit Union had originally planned on rolling out business-lending products in early 2020, and then the pandemic hit.

"Because of our affiliation with MBFS, we were quickly able to begin processing PPP loans. Gwen Frazer (vice president of consumer lending and business development) led our PPP loan effort," said Mirachi.

Frazer said Launch Credit Union processed 200 PPP loans for a total of \$6 million. "We were able to help a lot of small businesses," she said.

Mirachi said Launch Credit Union's PPP experience "really opened our eyes to how much of a need there was to serve small businesses. We had businesses coming to us that we never had an affiliation with before. They couldn't get their financial institution to react in a timely manner. We were able to step in and help them. We saw a tremendous need in our community to help small businesses grow and thrive."

It wasn't long before Launch Credit Union also saw an opportunity to do lending for single-family home investment properties for its members.

"For example, some customers are purchasing from one to four single-family homes and are renting them. In one case, we have a member who has 40 of them. So we are starting to grow that business, too."

He continued, "Then we started offering commercial real estate loans for owner-occupied properties, and for investors in general."

Many investors typically do not think of the credit-union industry when seeking commercial real estate loans, often missing an alternative source of financing.

"Since we have gotten off to a great start in business lending and commercial lending, I expect by the end of next year our portfolio to be around \$100 million. It's exciting. We are helping a lot of small businesses in Brevard County."

Launch Credit Union is also seeing success with its new Merchant Lending program. "It's an innovative program. We are one of the leading credit unions nationwide doing merchant lending. Gwen (Frazer) is doing a fantastic job growing that program," he said.

Point-of-sale financing enables consumers to break up payments for certain items over a period of time. Merchants provide a way to purchase a product now while the consumer pays for the product over a period of time determined by the lender.

The consumer selects financing options while finalizing the purchase.

"Merchant lending is another great avenue for our small-business customers," said Frazer. "There is no fee for them to sign up. It's an easy program for them to learn and for their customers to use. As far as approvals, we have quick turnaround times. The customers sign their documents and they leave with their merchandise."

She added that merchant lending is a point-of-sale service where the customer does not have to go to a Launch Credit Union branch to obtain financing. "They apply right at the store, from their cellphone, from their iPad, whatever is convenient for them."

Launch Credit Union already has 50 merchants participating in the program, said Frazer.

"And it's a wide range of merchants, from fence companies to kitchen and bath remodeling businesses, sheds, heating, ventilation and air-conditioning firms, roofing businesses, and even companies that sell golf carts. The spectrum of products we finance continues to grow. We're excited about the long-term potential of this program."

The Filene Research Institute estimated the total point-of-sale financing market at \$391 billion, equating to roughly 3.5 percent of annual consumer spending.

Amidst an industry that is undergoing changes as a result of the pandemic, credit unions across America found ways to adapt to the evolving needs of their members.

Using data obtained from credit unions during the first quarter of 2021, industry tracker Callahan & Associates found that members are taking advantage of low interest rates to buy and refinance homes, cars, and credit-card balances. The amount of loans originated surged more than 30 percent from the first quarter of 2020, topping \$181 billion in the first three months of this year.

The report also said:

- 5 million consumers and small businesses received a loan from a credit union in the first quarter of 2021 — 1 million more than in the first quarter of 2020.

- The average credit union member relationship, comprising savings and loan balances, reached a record of \$21,859.

- Credit unions remained financially strong, with earnings reaching levels not seen in nearly 20 years.

Said Mirachi, "We are a locally based institution. All of the management team and board members live or work in the communities we serve. We can afford to take a long-term view and don't have to worry about stockholders or out-of-state owners. We are owned by our members. And with the new products and services we have added, we think Launch Credit Union is well-positioned to help its members achieve their financial goals."