

PIPELINE

MAGAZINE

SUMMER 2018



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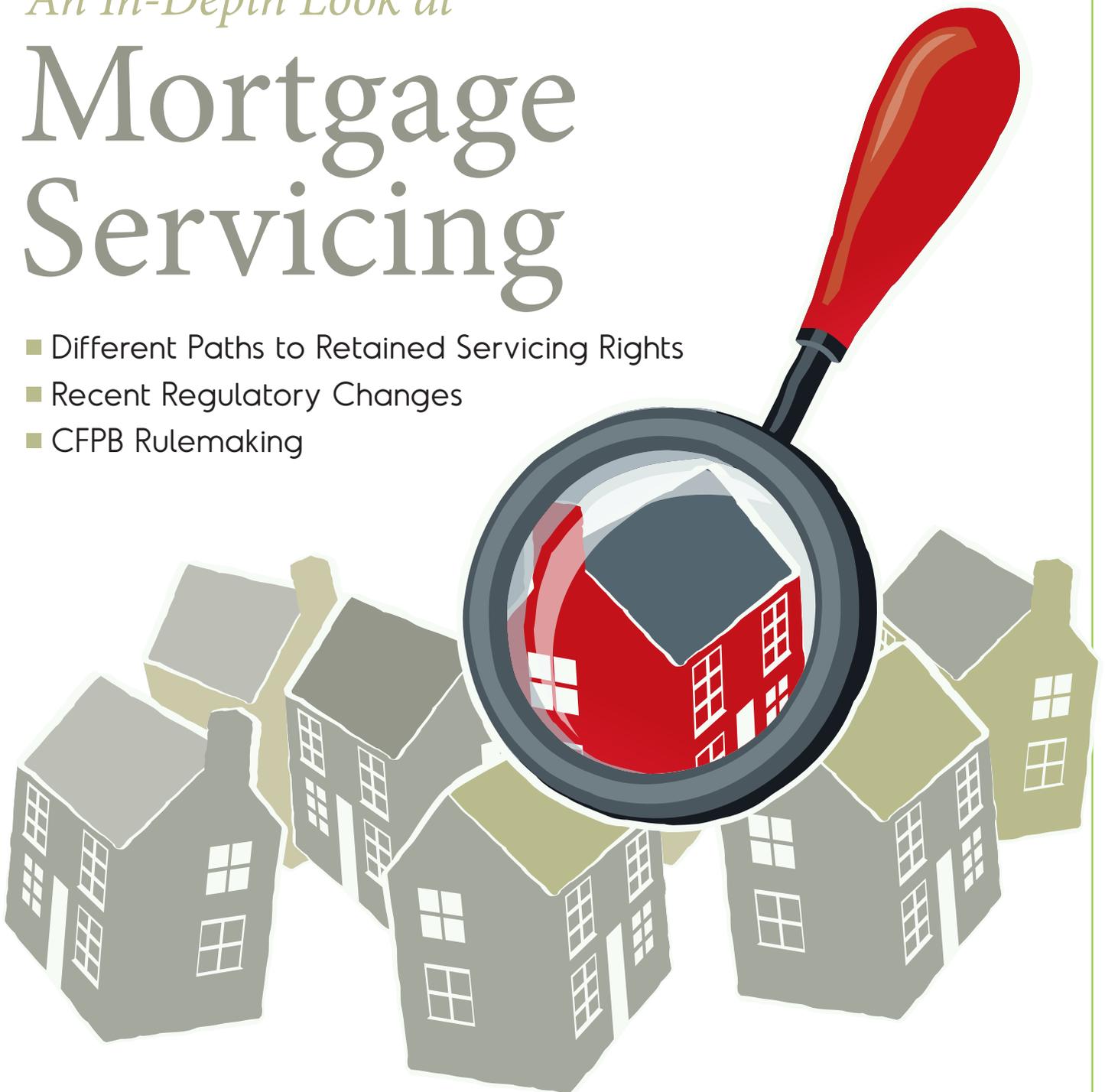
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Mortgage Servicing

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- Recent Regulatory Changes
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WHO WE ARE

ACUMA is an organization of and for credit unions, dedicated to the simple principle that credit unions have both an obligation and a competitive need to become a “premier provider of home loans for their memberships.”

ACUMA brings together the shared real estate lending and financing interests of thousands of credit unions and CUSOs.

ACUMA member organizations include federal- and state-chartered credit unions and CUSOs, mortgage insurance companies, secondary market investors and investment banking firms, and technology companies operating in the field of mortgage banking.

OUR CORE VALUES

- 1 We are a non-profit trade association committed to promoting credit union mortgage lending proactively, positively, but not politically.
- 2 Our members are our owners and are treated as such.
- 3 We are committed to helping the Realtor community understand credit unions and the value they bring to promoting home ownership.
- 4 We maintain a high level of fiscal responsibility while ensuring that membership provides access to all employees of the credit union or CUSO, and that events are high quality yet affordable.
- 5 We provide exceptional education and networking, using experts from the mortgage banking, leadership and credit union communities.



A MESSAGE FROM ACUMA PRESIDENT

Bob Dorsa

“Takin’ It to the Street”



Get Out into the Community to Grow Your Credit Union

By Bob Dorsa

In the ever-changing world of mortgage lending, the pendulum has swung back toward purchase loans, changing the way you do business in your credit unions. Recent studies also show a new willingness by millennials, despite the cloud of student debt and delays in starting a family, to buy homes in greater numbers.

And the Fed is continuing to raise interest rates, making loans more expensive—a good news, bad news situation for home loans because it may prompt more to buy in the short run but put a damper on the market over the longer haul.

While none of this may be news to you, it does raise questions about how you will respond.

For example, will you offer new products? Boost marketing? Offer educational events for members? Develop relationships within the local community to support local charities and service groups? Reach out to potential partners such as Realtors?

How about all of the above?

That’s right. I would encourage you to use all of the tools at your disposal to “Take It to the Street,” to get out of the office, make contacts and build

relationships. The economy and the homebuying population is changing. Now is the time to get your feet in the street, to get in on the ground floor of change.

In fact “Takin’ It to the Street” has become the theme of ACUMA’s annual fall conference. We’ll be examining what it means in some depth September 23-26 in Las Vegas. (For more information, see inside back cover.)

But you can start right now to get your feet on the street.

Let’s face it. A mortgage loan is a long-term relationship with your member. It can be one to build on, one that opens doors to other services you offer (car loans, checking and savings accounts, HELOCs) that strengthen and expand that relationship. Why wouldn’t you want to be positioned to offer your membership (new and existing) a route to the American dream of owning a home?

It’s a win-win: your member gets a home and you grow your business.

But takin’ it to the street requires some serious consideration and a solid strategy for not only keeping business but expanding it. Let’s examine some of ways you can take it to the street.

New Products: The shift from refinancing to purchase money in the mortgage space is becoming more pronounced. At our recent workshops credit union CLOs and others indicated their business was leaning as high as 80-20 toward purchase loans. This means you must figure out what your members want; with rates rising that may mean 7/1 and 10/1 ARMs. Have lots of potential first-home buyers? Look into low-downpayment products and assistance programs.

Marketing: Make sure you plan your marketing campaigns—and make sure the mortgage program gets its due. Be specific on whom you are targeting and what you can offer. CUs have made successful campaigns by promoting low-cost closing fees, low-percentage downpayments or fixed-rate “bargain prices.” All are good options, but don’t forget to promote great service and a hassle-free mem-



ACUMA President Bob Dorsa can be reached at bob.dorsa@acuma.org or (877) 442-2862.

ber experience.

Educational Events: Tell your members about your mortgage program—products, timelines, any differentiators that give you an advantage in your market. Promote it by offering something like doughnuts and coffee in the morning, a sandwich or snacks for lunch or after work. You could hold a raffle. Hand them a keychain or other small item with your Mortgage Department's phone number and your website's address. And don't be afraid to hold these kinds of events for Realtors, too. The more they know about your products, the better equipped they are to refer their clients for loans. (Realtors are especially important relationships for your Loan Originators.)



I would encourage you to use all of the tools at your disposal to 'Take It to the Street,' to get out of the office, make contacts and build relationships.



Community Relationships: Do you sponsor a charitable event such as a Habitat for Humanity day with your employees participating? Are your CU's leaders active in local housing agencies? You should do both. Your name and reputation are important no matter what your charter.



Credit unions must emphasize the differences that make us a better community member than a bank or other financial institution.



You see, credit unions must emphasize the differences that make us a better community member than a bank or other financial institution. We still value each member and go to great lengths to help them—be it a mortgage loan or another financial product.

So take your business to the streets of your community. You'll be rewarded. ▲

HOLD THE DATE! ACUMA Conference Returns to East Coast in 2019



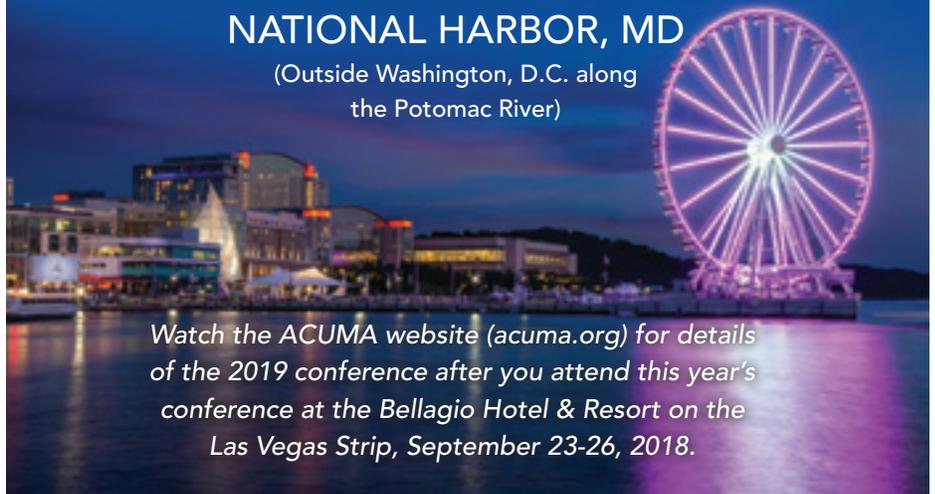
To better serve its members, ACUMA holds its annual fall conference in the West and in the East. Next year it returns to the Washington, D.C. area and the beautiful Gaylord National Resort. With nearly 500 attendees, the premier credit union mortgage-lending conference offers:

- Industry-leading speakers, cutting-edge topics.
- Easy access from Washington Nation (Reagan) airport.
- Discounted registration for ACUMA members.
- Opportunities for extensive networking.
- Industry-leading speakers, intriguing panel discussions.
- General session and breakout sessions on variety of topics.
- Three-day format (plus opening night reception on Sept. 22)
- Breakfast and lunch included; reception.



SEPTEMBER 22-25, 2019
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CONVENTION CENTER**
NATIONAL HARBOR, MD

(Outside Washington, D.C. along
the Potomac River)



Watch the ACUMA website (acuma.org) for details of the 2019 conference after you attend this year's conference at the Bellagio Hotel & Resort on the Las Vegas Strip, September 23-26, 2018.



A MESSAGE FROM ACUMA BOARD

Tim Mislansky



Making the Most of Your Conference Attendance

*If You Take Some Time to Consider
Your Goals, You Will Find the Best Fit*

I think I could spend every week of the year traveling to some sort of credit union conference. There are many events and many themes. Some events have become annual affairs, scheduled about the same time each year. Other meetings pop up just once, or at different times. But it sure seems like there are more and more events every year.

If I attended too many conferences, however, my work performance would suffer and my family might start a revolt. Besides, “Credit Union Conference Attendee” is not, and should not be, a full-time position.

So how do you make choices among the many and varied educational and networking opportunities out there?

As an ACUMA board member, I have the opportunity to see the effort and work that goes into the association’s annual Fall Conference and its spring workshops. I also help build a smaller conference each year through our CUSO, myCUMortgage, giving me a unique insight into mortgage lending conferences.

Why do people attend these conferences?

- Some probably make conference decisions based on the destination and venue. Who doesn’t want to be in a cool city or at a swanky hotel?
- Most look at content, checking out the

agenda and learning who is speaking about what. If they’re interested, they might attend.

- Others look at the networking opportunities that might be available.

The most successful and worthwhile conferences have some form of all three opportunities.

If you decide to attend a mortgage conference, here are my tips for success:

- 1. Decide what you want to learn or know more about.** Ask yourself some questions before you choose: Is mortgage lending a core product for your credit union? Are you trying to grow your mortgage program and your mar-

ket share? Maybe your loan volume is down and you need to find ways to make it climb again. Or would you like to grow your network of peers? Once you have asked these questions, you will have goals to match with content offered at various conferences, and you can find the best fit for you.

2. Do some advance planning. As exciting as a conference can be, it can also be exhausting. Planning what you want to accomplish while at the conference will help you get the most out of the agenda. Take in the industry experts to learn what’s happening in the industry and beyond your hometown credit union.

3. Come back with a reasonable “to do” list. I must confess that I have attended many conferences over the years where I have come away with a veritable laundry list of things I want to accomplish back at my credit union. If I’m honest, few items on these lists get done; I get drawn back into the day-to-day operations and miss out the opportunity to do some new, and potentially big, things for my credit union and its members. A short list works best. So, as you take that plane trip home, pull out your notes and pick a couple of things you are going to imple-

ment or do differently.

4. Get out of your hotel room and meet people. While there is tremendous value in attending sessions and listening to speakers present new ideas or give industry updates, the most important aspect of a conference is often the networking. This is especially true for credit unions. We work together cooperatively and are more likely to share and help each other.

For example, recently I was able to reach out to someone I met at ACUMA's conference a few years ago to ask for some help. I did not need to re-invent the wheel or go on a Google search. I was simply able to call a friend and ask a question. And she had the answer.

And not too long ago, a credit union I know hired an experienced Loan Origination Manager who came from a super-regional bank. He knew his mort-

gage stuff, and he attended an ACUMA workshop. When he came back from the workshop, I had a chance to talk with him. He was impressed with the location, the hotel and the food. He was impressed with the content and agenda, too.



While there is tremendous value in attending sessions and listening to speakers present new ideas or give industry updates, the most important aspect of a conference is often the networking.



But he was most impressed, and quite honestly, surprised, by the amount of networking that went on. He told me that when he attended big bank events, few people shared anything. Instead, the conversation never strayed beyond high level and almost superficial. There was little to be gained from networking.

By contrast, the ACUMA workshop presented him with a few ideas he was going to implement with his team, and he also now had a contact at another credit union he could call with questions.

While there are many conference on mortgage lending, the only one presented by the association that focuses solely on credit union mortgage lending, ACUMA, holds its annual conference in Las Vegas, September 23-26. You can learn more about this event at acuma.org/acuma-annual-conference. 

Tim Mislansky is a leading executive in credit union housing finance with more than 25 years of credit union experience. Mislansky is the Senior Vice President at Wright-Patt Credit Union in Dayton, Ohio. He is also the founder and President of myCUMortgage, which serves the mortgage needs of nearly 200 credit unions across the country. Mislansky served 10 years on the Board of Directors of Habitat for Humanity in Dayton, Ohio, and he is a former member of Fannie Mae's Credit Union Advisory Board. He also serves on the Board of Directors for ACUMA, CU Student Choice and CU Realty. Mislansky writes a blog about credit union mortgage lending at mortgagesarememberlicious.com.

WELCOME NEW MEMBERS

ACUMA extends a warm welcome to its newest members, who join a community dedicated to helping credit unions put more members in homes through competitive mortgage-lending programs.

These new members are entitled to all the benefits of ACUMA's educational and networking organization, including events and knowledge shared through our website (www.acuma.org) and our magazine, the *Pipeline*.

Join ACUMA in wishing success to these new members:

CREDIT UNION MEMBERS

- Heritage Federal Credit Union
- Whitefish Credit Union
- Members 1st Federal Credit Union
- Fibre Credit Union
- Santa Clara County Federal Credit Union
- Family Trust Federal Credit Union
- Pioneer Federal Credit Union
- Local Government Federal Credit Union
- Kitsap Credit Union
- First Alliance Credit Union
- Mid-Minnesota Federal Credit Union

- Call Federal Credit Union
- Access Community Credit Union
- Sesloc Federal Credit Union
- City & County Credit Union
- Altana Federal Credit Union
- Westconsin Credit Union
- First Community Credit Union

CUSO MEMBERS

- Centennial Lending



**You're not sure
what to do about
that fixer-upper**



**And then
it hits you**

**Some
dream homes
require a little
elbow grease.**

Dream homes come in all shapes, sizes...and ages! These mortgage programs offer financing options that can help your members turn a fixer-upper into their dream home.

Fannie Mae's HomeStyle® Renovation mortgages are a cost-effective, flexible way to renovate or repair a home using a first mortgage rather than a second mortgage or home equity line of credit. For details go to www.fanniemae.com/singlefamily/homestyle-renovation

Fannie Mae's HomeStyle® Energy mortgages can help members reduce energy costs while improve the comfort and quality of life at home. For details, visit www.fanniemae.com/singlefamily/homestyle-energy

Freddie Mac's Renovation Mortgages allow you to offer members permanent financing options to get that work done. Which allows them to repair, remodel and reimagine that dream home. For details, go to www.freddiemac.com/singlefamily/factsheets/sell/renovation.html

MGIC

**In this market where housing supplies
are tight, these programs can make a
tremendous difference for your members.
MGIC is proud to insure them.**

**To learn how else we can help you make more dreams possible,
contact your local MGIC account representative or visit cu.mgic.com**



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COMPLIANCE CHALLENGES

Kris Kully



Do the Math!

By Kris Kully

It Isn't Fun When Commissions Are Involved, But Here's How to Calculate Overtime for Loan Officers

It is tough to come to grips with the fact that loan officers—professionals who provide trusted assistance to members about home loans—may have to keep track of their hours, receive at least minimum wage, and get overtime pay for long workweeks. Sometimes it is even tougher to do the math involved!

The federal Fair Labor Standards Act (and many similar state laws) generally require employers to pay employees minimum wage for all hours worked, plus overtime pay for all hours worked over 40 hours in a workweek. Certain exemptions apply, but those exemptions are not as broad as one might think:

- There is an exemption for “administrative” employees, which applies to those who assist with general business operations, but the U.S. Department of Labor believes that exemption does not apply to the typical loan officer.
- There is an exemption for outside salespeople, although that applies only to salespeople who are customarily and regularly engaged away from the employer’s place of business or a home office.

Therefore, a close look at an employee’s actual job duties, and not just titles, is critical to determine whether

the employee qualifies for an exemption. If a loan officer customarily works from an office (either at the credit union’s headquarters, a branch, or a home or other office), it is likely that person should be keeping track of working hours, and may be entitled to overtime pay.

If a loan officer (or other employee) is non-exempt and works longer than 40 hours in a workweek, federal law requires overtime compensation for those extra hours in the amount of at least 1½ times the employee’s “regular rate of pay.” (The state in which the employee works may have different requirements that also must be followed.)

DETERMINING ‘REGULAR RATE OF PAY’

The math is not so hard for employees paid an hourly wage or even a salary. However, if the loan officer receives commissions or guaranteed bonuses,

it can get tricky. “Regular rate of pay” is a calculated figure, derived by considering all the payments made to the employee that are attributable to that overtime workweek, so that rate may change from week to week.

The first step in doing overtime math is to determine the total number of hours the employee worked in a workweek. Under federal law, a workweek is 7 consecutive 24-hour periods. The employer can establish an employee’s workweek to begin on any day of the week, and at any time of the day.

The workweek is the foundation for calculating the employee’s overtime rate, regardless of whether the employee is actually paid on weekly, biweekly, monthly, or on some other schedule. Accordingly, if a non-exempt loan officer works longer than 40 hours in that workweek, the loan officer has earned overtime compensation for those additional hours at a rate of 1.5 times the regular rate of pay.

To derive the employee’s regular rate for any given workweek, the employer must calculate the employee’s total remuneration for employment in that week:

- If the employee is paid solely an hourly rate, then the hourly rate is the “regular” rate.
- If the employee receives a salary or a guaranteed draw, then the salary or draw apportioned to that workweek is included in the total remuneration.
- If the employee earns commissions (such as a fixed percentage of the amount of each loan originated), then the remuneration also must include the commissions earned during that workweek.

The amount of an employee’s earned commissions may not be fully known at the end of the pay period. However, as soon as the amount of commissions earned during that overtime workweek may be ascertained, the employer must recalculate the rate of pay for that workweek and may need to pay the employee additional overtime compensation.

Once the employee’s remuneration for an overtime workweek (including

hourly, salary, and commission compensation) is totaled, the employer must divide that number by the total number of hours worked during that week. The resulting number is the employee's regular rate of pay for that workweek, which the employer then multiplies by 1.5 in order to determine the overtime rate.

The employer must then pay the employee that overtime rate for every overtime hour worked in that workweek.

EXAMPLE: LOAN OFFICER EARNING COMMISSIONS

For example, consider a loan officer who is paid twice per month. During the first pay period of the month, the loan officer receives a guaranteed draw of \$1,000. During the second pay period of the month, the loan officer receives a guaranteed draw of \$1,000, plus any commissions earned during the month that are in excess of those draws.

During one workweek, the loan officer works 45 hours. Accordingly, that is an overtime workweek, and the employer must calculate the employee's regular rate of pay for that week. The guaranteed draw must be reduced to its workweek equivalent (\$1,000 semi-monthly means \$24,000 annually, divided by 52 weeks, to equal \$461.54).

To the extent the employer can ascertain how much in commissions the loan

officer earned for that week, that dollar amount must be added in. If, however, the employer cannot yet ascertain the amount of commissions for that workweek (because, for example, the amount depends on the loan officer's total originations for the month), the employer can disregard those commissions until they can be ascertained.

We'll assume that is the case here, so this loan officer's regular rate of pay for that workweek is \$461.54 divided by 45 hours, for a rate of \$10.26. The employer must, then, pay the loan officer overtime pay at a rate of \$15.39 (\$10.26 times 1.5) for those 5 overtime hours (\$15.39 times 5 = \$76.95).

When the employer is able to ascertain how much in commissions the loan officer earned during that overtime workweek, the employer must recalculate the overtime rate for that week.

For instance, assume that, based on the loan officer's monthly originations, the loan officer earned \$3,750 in commissions for that workweek. Then the loan officer's resulting rate of pay for that overtime week was actually greater: \$3,750 divided by 45 hours, for a rate of \$83.33. The employer then owes the loan officer overtime pay at a rate of \$125 (\$83.33 times 1.5) for those 5 overtime hours (\$125 times 5 = \$625). Since the employer has already paid the loan officer \$76.95 in overtime pay, the employer must, as

soon as reasonably practicable, pay the loan officer the remaining overtime compensation to which the loan officer is entitled (\$625 minus \$76.95 = \$548.05).

(Remember, these calculations are related solely to the overtime portion of the loan officer's compensation, which is in addition to the loan officer's draws, and commissions net of the draws.)

MAINTAIN PAYROLL RECORDS

Federal law requires employers to maintain comprehensive payroll records, including when the employee's workweek begins, the regular rate of pay for any overtime workweeks, the basis for calculating the employee's compensation, the hours worked each workday and total hours worked each workweek, and the total wages paid each pay period.

Obviously, overtime expenses (in dollars, record-keeping efforts and math headaches) can add up quickly. An employer can seek to reduce those expenses by instituting a policy allowing loan officers to work overtime only with advance approval. However, an employer cannot deny a non-exempt employee overtime pay, at the correct rate, if the employee does, in fact, work overtime hours.

“The workweek is the foundation for calculating the employee's overtime rate, regardless of whether the employee is actually paid on weekly, biweekly, monthly, or on some other schedule.”



Kris Kully is a law partner in Mayer Brown's Washington, D.C. office. She concentrates her practice on federal and state regulatory compliance matters affecting providers of consumer financial products and services. Kully is a former lawyer for the Department of Housing and Urban Development. In that role, she provided legal counsel to the department on the mission oversight of Fannie Mae and Freddie Mac, the interpretation of the RESPA and the implementation of the department's various housing assistance and community development programs.

LOAN OFFICER OVERTIME PAY

45-HOUR WORKWEEK (5 HOURS OVERTIME)

Weekly Draw	\$461.54	(\$24,000 annually divided by 52 weeks)
Regular Rate of Pay	\$10.26/hour	(\$461.54 divided by 45 hours)
Overtime Rate	\$15.39/hour	(\$10.26 times 1.5)
Overtime Pay	\$76.95	(\$15.39 times 5)
TOTAL PAY	\$538.49	(\$461.54 PLUS \$76.95)

WHEN COMMISSION ADDED

Week's Commission	\$3,750	
Refigured Rate of Pay	\$83.33	(\$3,750 divided by 45 hours)
Overtime Rate	\$125	(\$83.33 times 1.5)
OVERTIME PAY	\$625	(\$125 times 5) MINUS \$76.95 already paid



John J. McKechnie

What's Ahead for Housing Finance Reform: Motion, Not Progress?

By John J. McKechnie

Let's be blunt: Congress could have tackled the complicated but nonetheless critical issue of housing finance reform in 2018. Instead, they experienced what NASA would call a "failure to launch."

The continuing inability of Washington to reshape and revitalize Fannie Mae and Freddie Mac means the conservatorship is likely to extend into 2021.

Obstacles will remain into the next Congress, and maybe the next Administration. And don't look to Treasury to attempt significant changes to GSEs either. So what kinds of changes, if any, are possible?

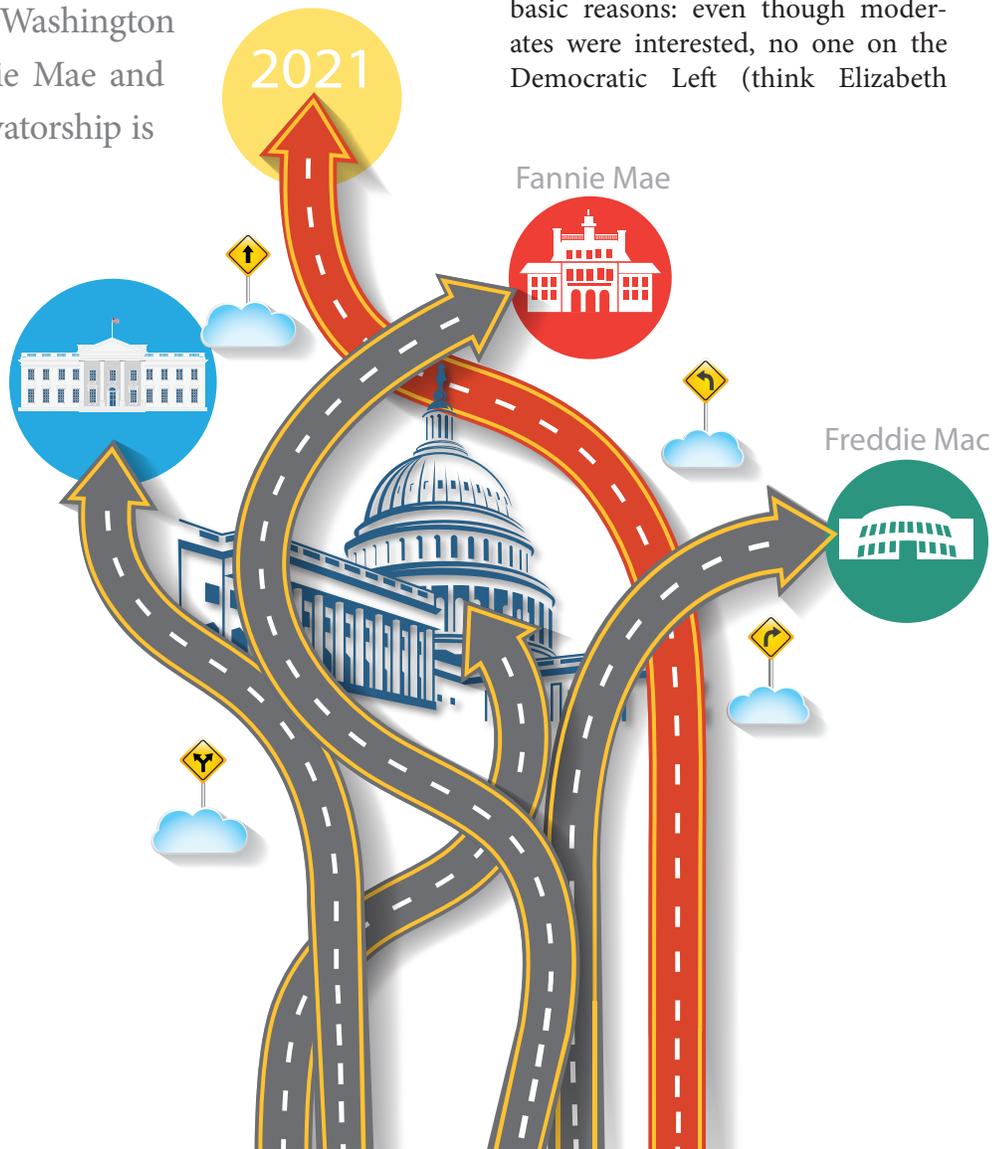
NO REFORM IN CURRENT CONGRESS

To find an answer, look at the broader landscape. The window has closed on any chances of a GSE reform bill passing in the 115th Congress. A draft bill circulated in the Senate in late January; although widely considered to be a viable first-cut at legislation that could actually move through Congress and reach the President's desk, it was ignored and quickly consigned to the back burner.

The bipartisan team responsible for the draft, Senators Bob Corker (R-TN) and Mark Warner (D-VA) designed the measure, in the words of

a senior Senate staffer, as a "centrist, non-ideological stab at fixing the issues surrounding GSEs. It will be simpler, more market-based, more focused on function over form."

In the end, it went nowhere for two basic reasons: even though moderates were interested, no one on the Democratic Left (think Elizabeth



Warren or Sherrod Brown) would support the bill because it did not sufficiently protect or expand affordable housing mandates. And the fact that it preserved a role for Fannie/Freddie meant that conservatives were unenthused.

OBSTACLES AHEAD FOR NEXT CONGRESS

Realistically, these same obstacles will remain for the 116th Congress that convenes in January after the November elections.

We will have a new chairman of the House Financial Service Committee. If the Democrats win a majority in the House, Rep. Maxine Waters (D-CA) will become chairman and housing finance reform will slide to the bottom of the agenda. If the GOP keeps the House, it is doubtful that any of the frontrunners to succeed outgoing Chairman Jeb Hensarling (R-TX) will make it the same priority that he did. After all, Hensarling's ambitious plans to reform the system failed in each of the last two Congresses.

On the Senate side, Republicans are expected to remain in the majority. That means Sen. Pat Toomey (R-PA) becomes chairman of Senate Banking. Toomey recently questioned the need for a government guarantee to ensure there is a liquid 30-year, fixed-rate mortgage market. And he has questioned the validity of the Fannie/Freddie dividend sweep in place at FHFA.

These two positions take Toomey outside the bipartisan consensus that has existed on the Committee. Realistically, this means he would need to either change his thinking or craft a new approach if he wants to advance legislation. As it's difficult to see how a Chairman Toomey could find common ground with Rep. Waters, the next Congress will be more about hearings and headlines than about substantive efforts to legislate on Fannie and Freddie.

TRUMP AND GSE REFORM

The next question is whether the Trump administration will attempt GSE reform next year. One of the few things that is certain is that FHFA Director Mel Watt's term is up in January, and the President seems interested in replacing him as quickly as possible.

Sources at FHFA say it's "virtually certain that Watt will leave on or slightly before his expiration date at FHFA," which is January 6, 2019. The thinking goes that Watt may try to name a deputy (similar to the Cordray situation at FHFA) as his replacement, but it's very unlikely the Administration would allow that to occur. A Republican Acting or permanent Director is likely to be waiting in the wings.

The Watt replacement will be a critical player in what comes next. Presumably a new FHFA Director will be in place by summer 2019, and the policies they pursue will be dictated largely by the political climate. At that point, the 2020 presidential primaries will only be seven months away, and it is unlikely that the White House will encourage its new FHFA Director to set a markedly new course that shakes up the housing market and thus loses votes for the President and his party.

Having said that, the new FHFA director—permanent or acting—will not be totally constrained. There are other steps to pave the way for future housing finance reform, such as:

- Suspending the payments to the affordable housing trust funds.
- Barring the GSEs from buying mortgages that were cash-out refinancings or that were for second homes.
- Freezing the conforming loan limit.



In the 115th Congress ... although widely considered to be a viable first-cut at legislation that could actually move through Congress and reach the President's desk, GSE reform was ignored and quickly consigned to the back burner.



All of this would be designed to help restart the private-label RMBS market. Yet none of it would be a solution to the Fannie/Freddie conservatorship.

HOUSING REFORM MAY WAIT

All of this points to 2021 as the next window for action for housing finance reform. Regardless of whether Republicans or Democrats control Congress and the White House, the prospects for big changes increase.

In the case of Democratic victory, look for legislation that expands affordable housing and restores Fannie and Freddie to pre-crisis roles, maybe with an enhanced government guarantee on mortgage-backed securities.

Under Republicans, something resembling the Mortgage Bankers Association plan could be implemented, where more securitizers and guarantors populate a new landscape, and a reduced government backstop is put in place.

If the outcome is divided government, Treasury would be in the driver's seat.

While the exact path forward three years from now can't be predicted with any certainty, there is likely to be renewed calls for reform. Between now and then, look for groundwork to be laid in both Congress and the Administration for future reforms. But don't expect large scale changes until after November 2020 resets the political system. ▲

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Regardless of whether Republicans or Democrats control the next Congress and the White House, the prospects for big changes increase.



Retaining Servicing Rights:

Depending on the Membership Model, Credit Unions Have Options on Mortgage Servicing Strategies

So much of credit unions' lending focus has been placed on growing the market share of mortgage originations. During the past 10 years that percentage has increased substantially—from about 2% to nearly 10%—as credit unions have enjoyed a wonderful ride, helped by Big Banking's miscues and the personal member service (along with the best loan fits) CUs consistently provide.

But mortgage originations are not the only thing that has been growing for credit unions. The number of mortgage loans being serviced by CUs has also increased. More and more credit unions have chosen to retain the rights to service loans even when they are sold on the secondary market.

Recently, ACUMA Consultant Tracy Ashfield had the opportunity to talk to the Chief Executive Officers of two of the leading credit unions in mortgage lending. Each CEO has chosen to actively use the secondary market, but each has also decided to retain the rights to service their sold loans.

Both CEOs believe their decision to retain the servicing rights has had a positive impact on growing their mortgage market share and serving more of their members' mortgage needs. Due to their differing fields of membership, each CEO has chosen a different way to handle the operational responsibilities for mortgage loan servicing.

What follows is a Q&A with each CEO, Kim Sponem at Summit Credit Union based in Madison, Wisconsin, and Mike Valentine at Baxter Credit Union, based in Vernon Hills, Illinois. We hope you have the opportunity to read and compare their servicing operations, and find helpful information for your own credit union.



Keeping the Operation In-House—and Local

KIM SPONEM, who answers the questions below, has been the President/CEO of Summit Credit Union for 16 years, leading the credit union in growth from \$210 million in assets to more than \$3 billion. She has led the organization through seven mergers and two name changes while maintaining high employee satisfaction scores as measured by an outside firm. Summit has 180,000 members and 35 branches in Wisconsin. The CU has won awards for best credit union to do business with, best training programs, best place to work and more.



Kim Sponem

Q. I understand that around 1990-2000, you made a very deliberate decision to build a real estate lending model that included local, in-house servicing of your mortgage loans. Can you discuss the reasons for your decision?

A. Selling loans servicing-released was confusing for our members. They thought they were getting their loan from us and instead, they could not

Continued on page 14 →

Two Paths



Outsourcing to a 'Good Fit' Sub-Servicer

MICHAEL G. "MIKE" VALENTINE, who answers our questions below, has been President & CEO of Baxter Credit Union since 1994. Valentine began his credit union career in 1984 when he joined BCU as Manager of Lending & Collections. His collaborative, team-based management style has guided BCU's growth to more than 200,000 members and \$2.5 billion in assets. Topping the list of Valentine's strategic achievements are successfully transitioning BCU from a single corporate sponsor to a select employer group (SEG-based) institution, and setting new standards for bringing together technology and personalized service. He began his career in the financial services industry in 1981 with Household Finance.



Mike Valentine

Q. You have a very successful mortgage program serving members in every state. You have chosen to use a sub-servicer to handle your mortgage loan servicing. Can you discuss the reasons for your decision to outsource this aspect of the business?

A. With operations in all 50 states and in Puerto Rico, we felt that building out the infrastructure and systems needed—along with all the compliance, regulatory and risk management pieces—that it made more sense to leverage others, where all those pieces are in place, and a core busi-

ness. If we only operated in one state, we may have thought differently.

We felt the costs for sub-servicing were still reasonable compared to building out all the systems, staff and processes needed, particularly when you consider all the federal and state regulatory changes that have been implemented over the last several years.

Having an industry-rated servicer has also helped to make it easy to add other investors and have the ability to retain servicing on those loans. Within BCU we outsource other key aspects of other services and product support, so the concept of having other business partners helping us is not new for BCU.

Being part of CU Servnet, which is a CUSO that our loans are serviced

Continued on page 15 →

In-House—and Local

call us with questions once the loan was closed.

We wanted to keep the relationship with the credit union and be able to help our members through their questions. We also wanted to keep a stronger connection with our members for repeat business.

When we looked at how managing a servicing portfolio worked, we realized we needed to build the portfolio quickly to get a level of profitability. We put together an aggressive marketing strategy along with the servicing capability.

It all paid off. We stuck out in the market with local servicing. Members and future members loved it. Word of mouth took off. When a refinance boom hit shortly after our implementation, we were getting members' repeat business.

As rates continued to decrease, we were refinancing our members' loans, keeping the business with us while



Selling loans servicing-released was confusing for our members. They thought they were getting their loan from us and instead, they could not call us with questions once the loan was closed.



it's impacted your cost to service mortgage loans in house?

A. The initial impacts of these changes created a sense of anxiety because of the time and cost to change systems, train our team and educate our members. We have come to expect change and have a good process for identifying upcoming regulatory rule changes.

And we are proactively working with our partners to minimize the costs and member impact.

With that said, it has increased our costs to serve our members, and some of those changes have come with unintended consequences.

We have worked on improvements

to our automation that make the long-term impact less of an issue. As we work to simplify the regulations through grassroots efforts, some of these bigger impacts may become more member- and CU-friendly.

gaining other business with them such as checking and credit cards.

Our servicing portfolio grew quickly and reached a level of profitability, and the growth has continued ever since.

Q. Over the past five years we have seen an unprecedented level of servicing-related regulations coupled with increasingly intense requirements for servicing secondary market loans. How has this impacted the credit union, and do you feel

Q. You are a real estate market-share leader in your market. Do most of your competitors offer local servicing, and if not, do you think it's a differentiator for you?

A. We are the number one mortgage lender in two counties now, and we are the third leading lender in one county. We were one of the few in our market for a long time with servicing-retained mortgages.

Slowly, competitors followed. Some did a combination of servicing-released and servicing-retained. We wanted to be able to assure our members we were not releasing the servicing and we were servicing in-house rather than using a sub-servicer. That is a differentiator.

Local servicing for our mortgages is now one of many advantages members receive when they get their loan through Summit Credit Union.

Q. Do you focus on your local servicing in your home-loan marketing and messaging?

A. Absolutely. For those who have had the frustration of their mortgage servicing being sold, they look for this language and understand the frustration that can happen when their mortgage is bounced around, often sold many times during the life of the loan.

For new homeowners, we explain the benefit of local servicing. This is part of our mortgage loan officer dialogue with our members.

Q. Lastly, what is your total servicing volume, broken down between loans serviced for others and those you service for secondary market investors?

A. We currently service 12,484 member loans for Fannie Mae and our in-house portfolio of member mortgages is 5,686. We love servicing the mortgage loans for these 18,000 members, and doing it locally.



For new homeowners, we explain the benefit of local servicing. This is part of our mortgage loan officer dialogue with our members.



Outsourcing—with CUSO

under, has also allowed us to focus on tailoring the servicing experience to be member-friendly. This benefits the credit union, and all the credit unions that use the CUSO.

The CUSO has a dedicated call center specifically for CU loans that provides broader coverage across time zones, allowing us to serve members from 6 a.m. EST to 10 p.m. PST. We are also looking at expanding that dedicated group to include loss drafts on insurance claims, and a member experience team that calls to close the loop on items that don't get resolved on the first call. The CUSO also supports private label servicing as we have multiple brands for the SEGs we serve. BCU is very committed to personalizing our services to individual SEG needs.

The CUSO uses the Net Promoter Score (NPS) survey process which helps to give us ongoing feedback from the members and serves up the ideas for what we need to be working on next.

Q. How has this servicing model been perceived by your members?

A. It has been well-received. I think many members know that we have a partner helping us to service the loans even though it is branded as BCU. They also know they can get help directly from our branch staff and real estate servicing group, as well.

Q. How much involvement does your staff have with members on servicing-related issues?

A. We have a real estate servicing group in our office, as we service all

“We felt the costs for sub-servicing were still reasonable compared to building out all the systems, staff and processes needed, particularly when you consider all the federal and state regulatory changes that have been implemented over the last several years.”

of our home equity loans in-house, so they also get some first mortgage questions. We have a great working relationship with CU Servnet and access to the first mortgage servicing system. This allows us to see loan details and the status of loans. We don't get a lot of calls, but we can help our members that do call and ask us for help or to verify information on their account.

Q. Do you feel that by outsourcing servicing, you have been able to focus more on origination and fulfillment? In other words, do you think it has helped you grow market share?

A. Yes, I do. I also think that it has helped us to provide the experience our members expect, and it improves retention, as well. Being able to move into new markets quickly and not be worried over any unique or state-specific laws or compliance issues has been great. Adding new products is also something that has not been a concern or slowed us down due to learning or building out any specific servicing requirements.

Q. What advice would you give other credit unions that are thinking about using this servicing model?

A. Pick whatever path you feel is right for your organization. With operations in many states we felt that it would have just been too much for us to build this out as fully as you need to, and that we could leverage those who do it exclusively.

Servicing has become a very regulated side of the business, and we wanted to minimize our risks on that side to allow us to focus more on the origination side.

Q. Lastly, what is your total servicing volume, broken down between loans serviced for others and those you service for secondary market investors?

A. Our total first mortgage servicing today is 16,300 loans for \$3.4 billion. We have 12,800 loans that we have sold to Fannie Mae and a few other investors, where we have retained servicing rights. We have 3,500 in-portfolio first mortgage loans. ▲

SERVICING TERMS

Here are definitions of terms used in mortgage servicing.

SERVICING: The tasks a lender performs to protect the mortgage investment, including collecting monthly payments, managing the escrow accounts, monitoring and dealing with delinquencies, and overseeing foreclosures.

SECONDARY MARKET: A market where existing mortgages are bought and sold. The two largest players are the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac). There are also individual mortgage conduits to the secondary market. Loans sold to the secondary market must meet certain requirements.

SERVICING RELEASED: Sale of the rights to service a loan when the loan is sold into the secondary market.

INVESTOR: The party that owns the mortgage loan.

SALE OF LOAN: The selling of the mortgage in the secondary market.

SALE OF SERVICING: The sale of the servicing rights.

SUBSERVICING: An arrangement whereby the lender retains ownership of the servicing rights but enters into an agreement with a mortgage servicer to perform the servicing function.

Don't Overlook Mortgage Servicing Responsibilities

Take Note of These New Servicing Regulation Changes

By Michael Christians

For many, borrower and originator included, the mortgage lending process appears to culminate at the closing table. The borrower gets the keys to their dream home. The originator gets the satisfaction of knowing they've helped the member achieve what is arguably their most significant personal financial goal. Not to mention maybe a few extra bucks in the originator's pocket.

What more can there be? A lot.



Following consummation, your institution's work is far from done. Both Regulation Z (which implements the Truth in Lending Act) and Regulation X (which implements the Real Estate Settlement Procedures Act) impose several mortgage servicing responsibilities on your institution that must be followed throughout the life of the loan. With significant changes having been made to these requirements in late 2017 and early 2018, now is the perfect time for a refresher.

REGULATION Z

The main mortgage servicing requirement found in Regulation Z involves the distribution of periodic statements in connection with residential mortgage loans. Unless your institution is classified as a "small servicer" (more on that later), since 2013 you've been required to provide a periodic statement in connection with a closed-end consumer credit transaction secured by a dwelling.

This rule was amended in October 2017 and again in April 2018. Let's take a closer look at those changes:

- **Periodic Statements for Charged-Off Loans:** Your credit union may cease providing a periodic statement for a residential mortgage loan that has been charged off so long as you will charge no additional interest or fees in connection with the transaction and you've provided the member with a final periodic statement.
- **Periodic Statements for Accelerated Loans:** If the member defaults on their mortgage loan, a clause in your promissory note likely gives you the option to accelerate the debt. This means that your institution may require immediate repayment of all money due. However, if you are willing to reinstate the loan for a lesser amount, the periodic statement should accurately reflect this.

For example, let's say that I am three months behind on my monthly mortgage payment of \$1,200. I've clearly defaulted and you likely have the option to invoke acceleration. However, if your institution would be willing to reinstate the loan if I

pay the amount that I am in arrears (\$3,600), the periodic statement sent to me should reflect that as the amount due.

- **Periodic Statements for Borrowers in Bankruptcy:** Even if the member has filed for bankruptcy, your institution must continue to provide a modified periodic statement on their residential mortgage loan unless an exception applies. The modified periodic statement must omit certain information and contain language informing the borrower that the statement is being sent for informational and compliance purposes only.

Earlier I mentioned a "small servicer" exemption. A small servicer is an institution that together with any affiliates, services 5,000 or fewer mortgage loans. If you are a small servicer, you are exempt from the periodic statement requirement under Regulation Z (and the accompanying changes discussed above). Remember this small servicer exemption because we'll return to it in our discussion of the servicing requirements under Regulation X.

REGULATION X

While there are numerous servicing provisions found within Regulation X, let's focus specifically on the two that were recently amended:

- **Loss Mitigation:** Your institution is required to promptly consider a delinquent borrower's application for loss mitigation assistance. This requirement now extends to subsequent delinquencies throughout the life of the loan as long as the borrower has brought the loan current since the last time you considered an application for loss mitigation assistance.

In addition, recent changes to the rule provide that, among other things: the credit union must notify the borrower in writing upon the receipt of a completed application for

loss mitigation assistance; the credit union need not collect documents or information in connection with a loss mitigation option the borrower is not eligible for; and a pending foreclosure action must be delayed upon the receipt of an application for loss mitigation assistance to provide the institution with sufficient time to consider the application. Small servicers are exempt from the loss mitigation requirements found in Regulation X (and the accompanying changes discussed).

- **Early Intervention Requirements for Borrowers in Bankruptcy:** The early intervention requirements of Regulation X provide that the institution must make a good-faith attempt to establish live contact with a delinquent borrower no later than their 36th day of delinquency. In addition, the rule requires the credit

union to provide a written notice of delinquency within 45 days of the borrower becoming delinquent.

Recent changes to these requirements apply specifically to those borrowers who have filed for bankruptcy or initiated a cease communication request under the Fair Debt Collection Practices Act (FDCPA). If the borrower is a debtor in bankruptcy or has filed a cease communication request under the FDCPA, the institution is exempt from the 36-day live contact requirement. For debtors who have filed for bankruptcy, if no loss mitigation options are available or if the borrower

has initiated a cease communication request under the FDCPA, the institution is exempt from the 45-day written notice requirement. For borrowers who have initiated a cease communication request under the FDCPA, if no loss mitigation options are available or if the borrower is a debtor in bankruptcy, the institution is exempt from the 45-day written

A small servicer is an institution that together with any affiliates, services 5,000 or fewer mortgage loans. If you are a small servicer, you are exempt from the periodic statement requirement (among others) under Regulation Z.

notice requirement.

Small servicers are exempt from the early intervention requirements found in Regulation X (and the accompanying changes discussed).

SUCCESSOR IN INTEREST

One final change to the mortgage servicing rules involves communicating with a confirmed successor in interest. We talk about this provision separately as it relates to each of the mortgage servicing provisions found in both Regulation Z and Regulation X (including those not specifically addressed in this article).

The rule now provides that all mortgage servicing provisions found in both Regulation Z and Regulation X apply equally to a confirmed successor in interest just as they would to the original borrower. In layman's terms, a successor in interest is a person who acquires an ownership interest



The servicing of a mortgage loan is a component of the lending process worthy of the same attention to detail given to the application, underwriting and closing phases.



Therefore, if she does not voluntarily assume the mortgage or if there are insufficient funds within Doug's estate to satisfy the loan, the credit union will likely proceed to foreclosure, thus having a direct impact

in property by operation of law. For example, if someone leaves me their home by way of their last will and testament, I am the successor in interest to that property.

To truly understand this provision, let's consider an example. Doug passes away and leaves Caitlyn his home. Caitlyn is the successor in interest to the property. However, let's assume that there is an outstanding mortgage loan on the property. Caitlyn does not automatically assume the associated debt.

on Caitlyn's ownership interest in the property. As a result, the successor in interest rule requires the institution to keep Caitlyn informed by providing her with a periodic statement, offering her options for loss mitigation assistance, etc.

Small servicers who are exempt from the servicing requirement in relation to the original borrower are also exempt from the servicing requirement in relation to the successor in interest. While we've discussed a small-servicer exemption for periodic statements, loss mitigation procedures and early intervention requirements, it is important to remember that there are several servicing provisions under federal law that have no such small-servicer exemption.

The servicing of a mortgage loan is a component of the lending process worthy of the same attention to detail given to the application, underwriting and closing phases. And servicing obligations continue for many years after the loan is consummated.

As part of your institution's overall compliance management program, make sure sufficient resources are dedicated to knowing, understanding and implementing the various mortgage servicing requirements found in Regulation Z and Regulation X. ▲



Michael Christians is principal and founder of Michael Christians Consulting, LLC.

He assists financial institutions across the country with ensuring their compliance programs conform to federal laws and regulations. He provides counsel relative to current rules, assists with the strategic implementation of upcoming regulatory changes and offers customized education and training services. He has more than two decades of experience in the financial services industry with a primary focus on consumer compliance. He obtained his Juris Doctorate from Drake Law School and is licensed to practice law in the State of Iowa. For more information, contact Christians at michael.christians@outlook.com.



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One Size Does Not Fit All

The CFPB's Servicing Rules Have Had a Rippling Effect

By J. David Motley

In January 2014, the Consumer Financial Protection Bureau (CFPB) implemented its Dodd-Frank mandate to regulate mortgage servicing by enacting comprehensive rules that cover all parts of the mortgage servicing process and contained strong protections for struggling homeowners at risk of foreclosure.

These rules built off the standards developed in the national mortgage servicing settlement to address perceived gaps in how servicers worked with borrowers in default following the financial crisis. Applied to all servicers, the CFPB rule represented a seismic regulatory shift and established, for the first time, uniform national standards to provide all mortgage borrowers with defined processes and clear avenues for redress.

Four years after the CFPB enacted comprehensive national mortgage servicing standards, it is clear that the rules have made a significant, positive impact in the lives of homeowners and have contributed to more formalized and available loss mitigation options. The rules have improved transparency and accountability in the loss mitigation process and in other areas of servicing, such

as force-placed insurance.

BREADTH OF CFPB RULES

While much of the focus of the conversation is on the rule's requirements for default servicing, it is important to understand the breadth of the changes wrought by the rule.

In addition to specific default servicing requirements, the rules also impacted common industry practices

for performing servicing such as periodic statement requirements, notices of error and information requests, ARM reset and force-placed insurance notices. It also created stricter supervision over all servicers with a stronger focus on general servicing policies and procedures.

While the rule has had some benefits, they have come at a very significant cost. The cumbersome milestone specific approach to loss mitigation, coupled with increasing procedural requirements in judicial foreclosure states, has lengthened foreclosure timelines. While this arguably helps some individual homeowners, this



benefit is conferred at the detriment of communities dealing with vacant or abandoned pre-foreclosure properties.

Finally, the enormous cost of implementation and ongoing compliance have resulted in market contraction, putting pressure on community banks and credit unions and contributing to restrictions on access to credit.

RULES BRING HIGHER COSTS

The numbers are clear. The implementation outlays and ongoing costs of compliance with the rules have contributed significantly to the rising costs of servicing, especially for servicing defaulted loans. The following chart from the Mortgage Bankers Association's 2017 Servicing Operations Study and Forum (SOSF) illustrates the dramatic increase in servicing costs per loan:



- While the smallest servicers are exempt from some requirements, the regulations do not otherwise account for size or structure of servicing organizations. The one-size-fits-all regulatory scheme favors large banks and nonbanks focused solely on mortgage that have more resources for compliance requirements.
- While any one single regulation may



The one-size-fits-all regulatory scheme favors large banks and nonbanks focused solely on mortgage that have more resources for compliance requirements.



the number of credit unions continue to decline.

At our company, the cost of overhead expense that includes expanded Compliance, Legal and Internal Audit reviews (“checkers checking the checkers”) has grown from \$3.83 million in 2010 to well over \$10 million in 2018. Our compliance expense alone contributes more than \$800 per closed loan (38 bps) to the cost of production. Servicing costs have also risen over this same time.

Additional resources, including internal Qualify Assurance teams, were added to the operation

to ensure compliance with the ever-increasing numbers of regulations. In our operation alone, since 2012 we have added nearly \$23 per loan in regulatory costs.

IMPROVING THE RULES

The willingness and ability to do the job well should determine servicing industry participation, not the capacity to bear the burden of regulation.

not be particularly burdensome, the layering of new regulations and associated compliance and implementation costs can completely overwhelm small financial service providers. This is a particular challenge for local community banks and credit unions where mortgage is one important line of business, but not the primary focus.

Today, there are roughly 1,500 fewer community financial institutions than there were in 2009. Smaller institutions are disappearing at an alarming rate, many forced to merge with larger banks, and

The CFPB is currently assessing its 2013 final RESPA servicing rule and can use this as an opportunity to look at the true impact of the rule on community banks and credit unions.

It is also a chance to create true unified national servicing standards by clarifying that the CFPB's RESPA servicing rules constitute pre-emption of additive state laws. This is appropriate given the breadth of the coverage of the rules, their possibility for amendment with nationwide effect when necessary and the extensive effort undertaken by industry to come into compliance. Permitting states to layer on duplicative incremental requirements only increases cost and complexity, with little added benefits for borrowers.

There may be some hope on the horizon. The servicing rule “look back” and Acting CFPB Director Mick Mulvaney’s “call for evidence” on the burden of the rule suggests that we are at the beginning of a substantive conversation on the impact and effects of the rule.

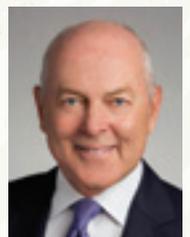
With the Trump administration's renewed focus on regulatory burden, now is the time for consideration of the ways that the rules can be simplified, modified or expanded to better serve borrowers.



In our operation alone, since 2012 we have added nearly \$23 per loan in regulatory costs.



J. David Motley is the President of CU Members Mortgage and the 2018 Chairman of the Mortgage Bankers Association. For more information on CU Members Mortgage, visit www.cumembers.com. For more information on the MBA, visit www.mba.org.



J. David Motley

How Buyers Find the Right Home

NAR's 2018 Generational Trends Shows Shifts in the Home-Search Process



Every year the National Association of Realtors® publishes a comprehensive study of “Home Buyers and Sellers Generational Trends.”

The research points to a variety of factors that influence mortgage lending. The information can prove valuable in gauging your members who are seeking to buy homes as well as your own mortgage department and loan pipeline.

Last year, Jessica Lautz, NAR’s Director of Survey Research and Communications, spoke about “The Technology Trifecta: Buyers, Sellers and Realtors” to a packed room at the annual ACUMA Fall Conference. Lautz has approved ACUMA’s request to repurpose a portion of the 2018 Generational Trends report (specifically, data related to the home-search process) in the *Pipeline*, which follows.



Jessica Lautz

that found their home through an agent increases with age.

And in response to looking at homes on the Internet, buyers typically walked through the homes that they viewed online. Buyers also valued website features such as photos and detailed property information.

Overall, buyers of all generations continue to be very satisfied with their homebuying process.

HOME-SEARCH FIRST STEPS

Among nearly all generations of homebuyers, the first step taken was to look online for properties, except for buyers 72 and older who contacted a real estate agent first. The NAR study found that 40% of buyers 37 and younger looked online first for properties for sale. Also looking online first were 46% for buyers ages 38 to 52, and 48% for ages 53 to 71.

As age increases, the share that contacted an agent first increased, from 15% for buyers 37 and younger to 32% for buyers older than 72. Ninety-nine percent of buyers 37 and younger used online websites. Among buyers 72 and older, the most used information source was a real estate agent.

The search for homes was the longest for buyers 53 to 71 years old at 10 weeks, according to the study. For all

HOME SEARCH SUMMARY

In searching for a home, the first step that most buyers took was to go online, the 2018 NAR Generational Trends study found. Real estate agents remain a vital part of the home search process, and they are the second most frequently used information source for homebuyers.

“In 1995 only 2% of recent buyers used the Internet in their home search, today, nearly all do, 95%,” NAR’s Lautz noted. “Those who don’t search online likely already know the

home they are planning to purchase.”

Overall, the 2018 study found the length of the home search typically took between eight and 10 weeks, and the number of homes viewed varied from six to 10, depending on the generation.

Similar to the information sources used, the study showed that younger generations typically found the home they purchased through the Internet. The share of buyers that found their homes on the Internet decreases with age; conversely, the share of buyers

other generations, buyers searched for eight weeks. In addition buyers ages 38 to 71 viewed a median of 10 homes this year, with buyers 37 and younger viewing nine homes and buyers 72 and older viewing six homes.

“With tight housing inventory, the length of search has become longer,” Lautz said. “Entry-level buyers, and buyers who want to downsize, may have a longer search time navigating a limited inventory environment to

find the right property.”

Buyers ages 53 to 62 waited three weeks before contacting an agent, and all other generations waited two weeks to contact an agent.

(See Charts 1-3 for more information.)

THE HOME SEARCH PROCESS CHART 1

FIRST STEP TAKEN DURING THE HOME BUYING PROCESS

(Percentage Distribution)

	All Buyers	AGE OF HOME BUYER				
		37 and younger	38 to 52	53 to 62	63 to 71	72 to 92
Looked online for properties for sale	42%	40%	46%	48%	48%	26%
Contacted a real estate agent	17	15	16	17	20	32
Looked online for information about the home buying process	12	15	10	9	6	6
Contacted a bank or mortgage lender	8	9	8	6	5	3
Drove-by homes/neighborhoods	6	4	6	6	7	11
Talked with a friend or relative about home buying process	6	10	3	2	3	6
Visited open houses	3	3	4	3	3	6
Looked up information about different neighborhoods or areas (schools, local lifestyle/nightlife, parks, public transportation)	1	1	2	1	1	*
Contacted builder/visited builder models	1	1	2	2	2	4
Attended a home buying seminar	1	1	*	*	*	*
Contacted a home seller directly	1	1	1	1	2	3
Looked in newspapers, magazines, or home buying guides	1	1	*	1	1	2
Other	1	1	1	2	1	1

* Less than 1 percent

THE HOME SEARCH PROCESS CHART 2

INFORMATION SOURCES USED IN HOME SEARCH

(Percent of Respondents)

	All Buyers	AGE OF HOME BUYER				
		37 and younger	38 to 52	53 to 62	63 to 71	72 to 92
Online website	95%	99%	95%	93%	90%	70%
Real estate agent	89	90	86	88	89	88
Mobile or tablet search device	74	82	77	63	56	32
Open house	52	52	56	52	46	50
Yard sign	48	45	48	50	49	48
Online video site	39	30	37	46	48	45
Home builder	19	15	22	20	24	18
Print newspaper advertisement	15	11	13	19	22	28
Home book or magazine	12	8	12	16	13	15
Billboard	5	5	5	5	7	2
Relocation company	3	3	3	4	1	2
Television	2	2	3	2	2	3

THE HOME SEARCH PROCESS CHART 3

LENGTH OF SEARCH

(Median)

	All Buyers	AGE OF HOME BUYER				
		37 and younger	38 to 52	53 to 62	63 to 71	72 to 92
Number of Weeks Searched	10	8	8	10	10	8
Number of Weeks Searched Before Contacting an Agent	2	2	2	3	2	2
Number of homes viewed	10	9	10	10	10	6

FINDING THE PURCHASED HOME

Similar to the information sources used, younger generations typically found the home they purchased through the Internet, the NAR study found. The share of buyers that found their home on the Internet decreases with age; conversely, the share of buyers that found their home through an agent increases with age. Over half of buyers 37 and younger (56%) and buyers ages 38 to 52 years (51%)

found their home through the Internet. Forty-one percent of buyers ages 72 to 92 found their home through a real estate agent.

When looking during the home-search process, buyers 37 and younger were the most likely generation to consider purchasing a home that was in foreclosure. The NAR report showed that as the buyers got older, they were less likely to consider purchasing a home in foreclosure. Af-

fordability is likely playing a role in this decision, the study reported.

Across all generations, the most difficult step in the homebuying process was finding the right property. Younger buyers were more likely to say there are difficult steps in the homebuying process. Ninety-one percent of buyers 37 and younger say there was at least one difficult step compared to 67% of buyers ages 72 to 92.

(See Charts 4-6 for more information.)

THE HOME SEARCH PROCESS CHART 4

WHERE BUYER FOUND HOME THEY PURCHASED

(Percentage Distribution)

	AGE OF HOME BUYER					
	All Buyers	37 and younger	38 to 52	53 to 62	63 to 71	72 to 92
Internet	49%	56%	51%	45%	37%	24%
Real estate agent	31	28	27	32	37	41
Yard sign/open house sign	7	5	8	8	8	15
Friend, relative or neighbor	6	6	5	6	8	9
Home builder or their agent	6	4	6	6	8	8
Directly from sellers/Knew the sellers	2	2	3	1	2	1
Print newspaper advertisement	1	*	*	1	2	2
Home book or magazine	*	*	*	*	*	*
Other	*	*	*	*	*	*

* Less than 1 percent

THE HOME SEARCH PROCESS CHART 5

BUYER INTEREST IN PURCHASING A HOME IN FORECLOSURE

(Percentage of Respondents)

	AGE OF HOME BUYER					
	All Buyers	37 and younger	38 to 52	53 to 62	63 to 71	72 to 92
Did not consider purchasing a home in foreclosure	65%	57%	67%	69%	79%	87%
Considered purchasing a home in foreclosure, but did not:						
Could not find the right home	20	24	17	17	12	8
The process was too difficult or complex	9	11	7	7	4	3
The home was in poor condition	8	11	7	8	5	2
The home price was too high	3	4	3	3	2	1
The neighborhood was undesirable	3	4	3	3	2	1
Financing options were not attractive	3	5	3	2	1	*

THE HOME SEARCH PROCESS CHART 6

MOST DIFFICULT STEPS OF HOME BUYING PROCESS

(Percentage of Respondents)

	AGE OF HOME BUYER					
	All Buyers	37 and younger	38 to 52	53 to 62	63 to 71	72 to 92
Finding the right property	54%	57%	53%	53%	52%	44%
Paperwork	22	26	20	19	18	19
Understanding the process and steps	16	27	13	8	9	8
Saving for the down payment	13	24	13	5	2	1
Getting a mortgage	9	10	10	9	6	5
Appraisal of the property	5	6	6	4	4	4
No difficult steps	16	9	15	22	23	33
Other	6	5	6	7	7	5



[Reason No. 36]

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WEBSITE AND MOBILE SEARCH

More than 74% of buyers from all generations frequently used the Internet to search for their home, according to the report. Ninety-two percent of buyers 37 and younger frequently used the Internet during their home search process. As a result of searching for homes on the Internet, buyers most often walked through the home that they viewed online.

Buyers 62 and younger saw the exterior of homes because of searching online for properties. The most important website feature was photos

for nine in 10 buyers under the age of 62. Detailed information about properties for sale were equally important website features for all generations.

Using mobile applications during the home search was common among younger generations of buyers. Among those who used mobile applications, 72% of buyers 37 and younger found their homes through a mobile application. Sixty-nine percent of buyers ages 38 to 52, 62% of those ages 53 to 62, and 54% of those ages 63 to 71 found their homes by using a mobile application—if they used a mobile device to search.

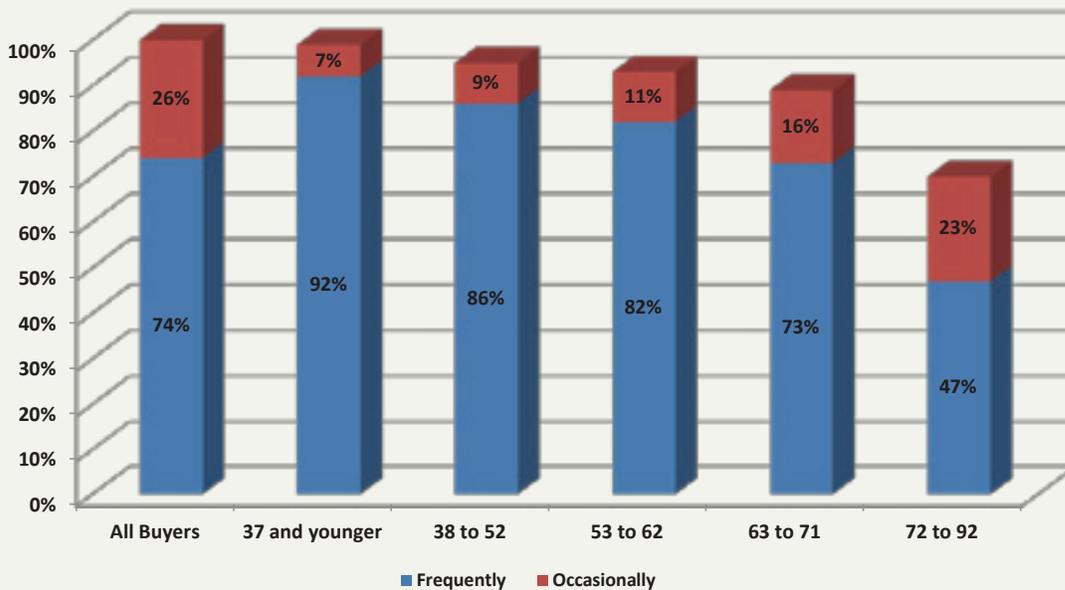
“The use of mobile device has skyrocketed in recent years; all generations are embracing mobile,” Lautz explained. “It’s increasingly common to search of listings in the line at your local coffee shop and text that listing to friends and family before heading out to search for a new home.”

Recent buyers also used mobile applications to find the agents they used during the homebuying process. Buyers ages 63 to 71, more than any other generation, found their agent through a mobile application.

(See Charts 7-10 for more information.)

THE HOME SEARCH PROCESS CHART 7

USE OF INTERNET TO SEARCH FOR HOMES



THE HOME SEARCH PROCESS CHART 8

ACTIONS TAKEN AS A RESULT OF INTERNET HOME SEARCH

(Percentage of Respondents Among Buyers Who Used the Internet)

	All Buyers	AGE OF HOME BUYER				
		37 and younger	38 to 52	53 to 62	63 to 71	72 to 92
Walked through home viewed online	63%	64%	67%	66%	63%	55%
Saw exterior of homes/neighborhood, but did not walk through home	43	48	42	42	34	32
Found the agent used to search for or buy home	32	31	30	36	36	41
Requested more information	29	35	28	24	22	23
Pre-qualified for a mortgage online	19	19	18	17	18	13
Looked for more information on how to get a mortgage and general home buyers tips	16	23	13	10	5	3
Applied for a mortgage online	14	15	13	11	11	6
Found a mortgage lender online	11	13	9	8	7	5
Contacted builder/developer	8	6	9	10	10	5

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THE HOME SEARCH PROCESS CHART 9

VALUE OF WEBSITE FEATURES

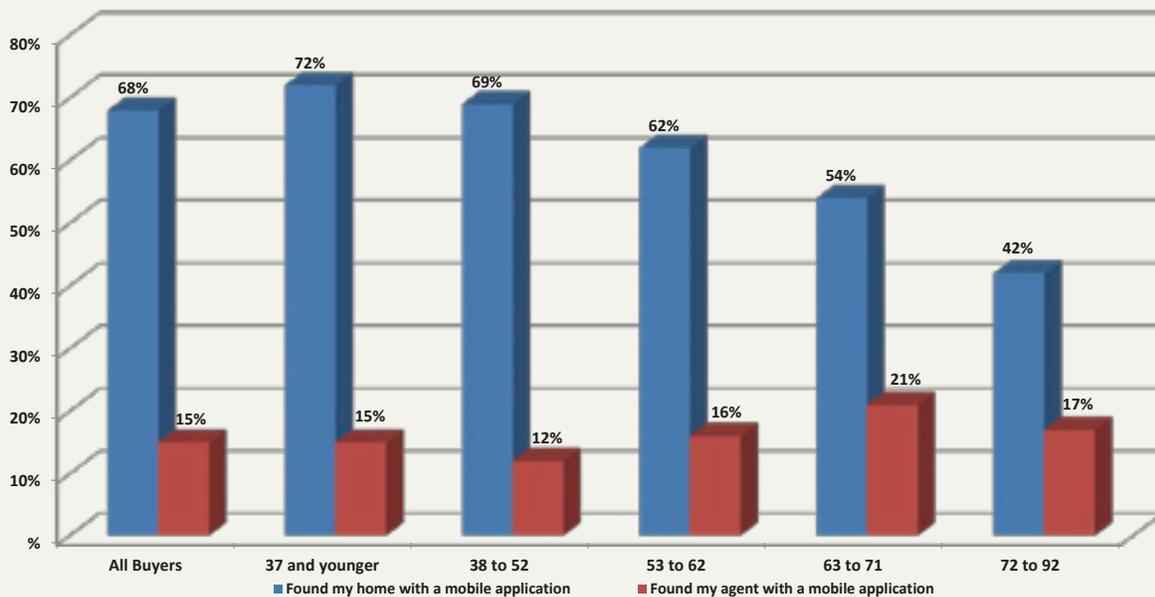
(Percentage Ranking Feature "Very Useful" Among Buyers Who Used the Internet)

	AGE OF HOME BUYER					
	All Buyers	37 and younger	38 to 52	53 to 62	63 to 71	72 to 92
Photos	89%	91%	91%	88%	83%	72%
Detailed information about properties for sale	84	85	86	84	83	74
Floor Plans	51	50	52	49	48	48
Virtual tours	48	43	49	52	53	49
Real estate agent contact information	42	38	39	45	50	52
Detailed information about recently sold properties	41	42	46	40	33	27
Neighborhood information	41	44	44	38	33	29
Interactive maps	38	39	44	35	31	21
Pending sales/contract status	38	42	44	34	25	19
Videos	27	26	28	30	27	26
Information about upcoming open houses	26	28	29	27	18	15
Real estate news or articles	8	8	9	9	7	10

THE HOME SEARCH PROCESS CHART 10

MOBILE SEARCH

(Percentage of Respondents Among Those Who Used Mobile Search)



SATISFACTION IN BUYING PROCESS

Buyers of all generations were very satisfied overall with their home-buying process. Buyers ages 63 to 71 were the most satisfied with the buying process with 67% saying that they

were very satisfied. Sixty-three percent of buyers ages 38 to 52, 66% of buyers older than 72, and 59% of buyers 37 and younger were very satisfied with the buying process.

(See Chart 11 for more information.)
 “The search process is constantly

evolving,” Lautz noted. “Staying on top of technology trends can be difficult, but the one aspect that is consistent is the high use of both buyer and seller agents in the process. Technology is just one tool in the home search process.”



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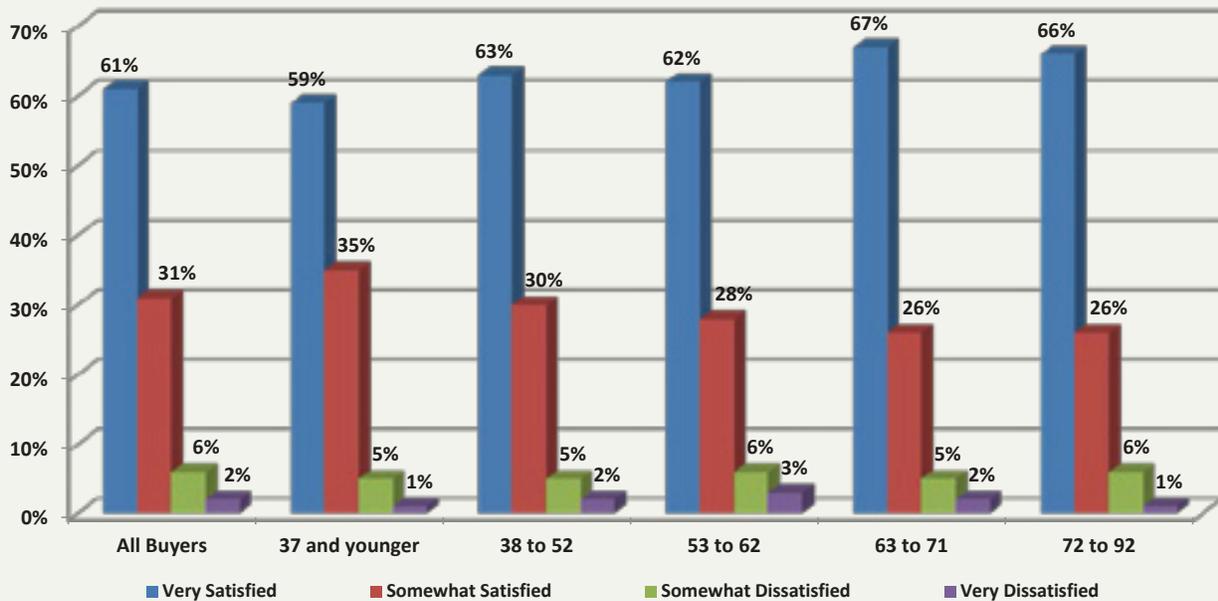
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SATISFACTION IN BUYING PROCESS

(Percentage Distribution)



■ PUTTING HOME SEARCHES IN PERSPECTIVE

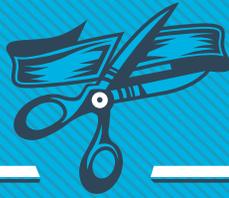
Despite solid interest in buying a home—sparked by steady job gains, record low mortgage rates and higher rents—the severe drought in housing supply in much of the country over the past year accelerated price growth and kept many first-time buyers out of the market.

This is according to the National Association of Realtors® “2017 Profile of Home Buyers and Sellers,” which also identified numerous current consumer and housing trends, including:

- Mounting student debt balances and smaller down payments.
- Increases in single female and trade-up buyers.
- The growing occurrence of buyers paying the list price or higher.
- The fact that nearly all respondents use a real estate agent to buy or sell a home, which kept for-sale-by-owner transactions at an all-time low of 8 percent for the third straight year.

For the second straight year, the median age of first-time buyers was 32 years old. First-time buyers had a higher household income (\$75,000) than a year ago (\$72,000) and purchased a slightly smaller home (1,640-square-feet vs. 1,650-square-feet in 2016) that was more expensive (\$190,000 vs. \$182,500). Fewer first-time buyers purchased a home in an urban area (17% vs. 20%).

The age of repeat buyers increased to an all-time survey high this year (54 vs. 52 in 2016) as older households, perhaps with plans to stay in the workforce longer but with an eye toward retirement, felt more comfortable about buying. Overall, repeat buyers had roughly the same household income as last year (\$97,500 vs. \$98,000 in 2016) and purchased a 2,000-square-foot home (unchanged from last year) costing \$266,500 (\$250,000 in 2016).



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Check It Out

Downpayment Assistance Programs Can Help Put More Members into Homes

Downpayment assistance, or DPA, is an umbrella term for the many programs offered by a federal, state, county or local government agencies, nonprofits or employers. DPA programs include loans (with widely varying payback provisions), grants and other programs for potential homebuyers who are income- and credit-qualified and ready for homeownership.



“Many programs offer buyers flexibility to use the grant or loan to fund their downpayment and/or closing costs,” said Rob Chrane, CEO of Down Payment Resource. “It’s important for buyers to review and compare program options with their agent and lender so they apply for the program that is best for their personal situation.”

GRANT PROGRAMS

Grant programs are gifts provided by an eligible third party which do not have to be repaid by the homebuyer, do not incur a lien on the property being purchased, and have no associated note or deed. These programs offer a true gift to the buyer at closing to help cover the cost of some or all of the down payment or closing costs.

One example is the PenFed Foundation Dream Makers Grant (see sidebar for link to more information), a national program that provides eligible military or veteran homebuyers with a 2-to-1 matching grant up to \$5,000.

SECOND MORTGAGE PROGRAMS

Many downpayment programs come in the form of a second mortgage, or subordinate lien, with varying payback provisions. The second mortgage is usually funded by a federal, state or local government DPA program, or a nonprofit or an employer that offers downpayment help in their market or service area.

Some programs defer monthly payments, some forgive portions or all of the downpayment help over time or in the future, and some require monthly payments.

The terms vary across programs, and sometimes a program may combine different features. Loan officers have to consider the repayment terms when qualifying a borrower.

REPAYABLE OR SOFT SECOND MORTGAGE PROGRAMS

Repayable downpayment assistance programs provide the buyer with the downpayment they need now so they

can buy a home sooner. The funds are delivered at closing often as a zero-interest second loan, but some may accrue interest and some may be amortizing loans.

These downpayment programs typically range from 5-year to 30-year loans with varying repayment terms. The repayment starts immediately or kicks in after a predetermined period of months or years (a “soft” second).

One example is the repayable NeighborWorks Blackhawk Region Down-Payment Assistance Program (See sidebar for link to more information.), available to buyers in the City of Beloit, Wisconsin. It provides a loan of \$3,000 minus \$500 for their homebuyer education program. The interest rate is 7% if the buyer opts for automatic payment or 7.25% without automatic payment.

Some repayable programs may have a partial balloon payment, meaning the remaining balance of the original second mortgage may come due at the end of the second mortgage term.

DEFERRED OR SILENT SECOND PROGRAMS

Silent seconds are downpayment programs that postpone repayment of the original downpayment assistance un-



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til one of several events occurs—typically, when the borrower sells, refinances, rents or moves out of the original home purchased. As with repayable DPAs, this structure can help the program administrator fund the program for future buyers.

When buyers plan to live in the home for many years, they will benefit most from the home's appreciation in value. However, as with most forgivable debt, there may be a taxable impact. A 1099 may come in the mail after the buyer sells, refinances, rents or moves out of the home. Buyers need to be aware of, and plan for, this possibility.

An example of a silent second is one of the City of Napa's First Time Homebuyer Programs (See sidebar for link to more information.) that provides a loan of up to \$58,000, or 30% of the purchase price, whichever is less. It's a 1% simple interest loan with a 30-year term, but repayment is deferred for up to the 30-year term as long as the buyer remains in the home as the owner-occupant.

FORGIVABLE SECOND MORTGAGE PROGRAMS

With a forgivable second mortgage program, some or all of the original downpayment assistance amount is forgiven. When and how much of that downpayment help is forgiven may vary, but it's common for a per-


Grant programs are gifts provided by an eligible third party which do not have to be repaid by the homebuyer, do not incur a lien on the property being purchased, and have no associated note or deed.



One example is the City of Austin "Standard" Downpayment Assistance Program (See sidebar for link to more information.) that provides up to \$14,999 of assistance for eligible closing costs, prepaid expenses and downpayment. It's a zero-interest, 5-year forgivable loan and payments are deferred over that 5-year affordability period.

HPI DATA ABOUT ALL TYPES OF PROGRAMS

Here are some statistics about homeownership programs:

- 38% of homeownership programs do not have a first-time homebuyer requirement and are avail-

centage of the loan to be forgiven each year for a predefined number of years.

For example, 20% of the loan might be forgiven each year for five years, so after five years the entire original downpayment loan is forgiven and the second lien removed. However, if the program's conditions are not met—for example, the buyer moves out of the home—the loan must be repaid, at times with interest.

able for eligible repeat homebuyers. ("First-time homebuyer" is defined by HUD as someone who has not owned a home in three years.)

- 75% of programs are available in a specific local area, such as a city, county or neighborhood; 25% of programs are available statewide through state housing finance agencies.
- 19% of programs allow buyers to purchase a multi-family property as long as the buyer occupies one of the units.
- More than 6% of programs are available for community service workers, including educators, police officers, firefighters and health-care workers.
- 6% of programs have benefits for veterans, members of the military and surviving spouses. These programs can also be layered with zero downpayment VA loans.
- 69% of programs in the DPR database are downpayment or closing cost assistance; 9% of programs are first mortgages, and 8% of programs are Mortgage Credit Certificates (MCCs).
- States with the greatest number of downpayment programs remained consistent—California, Florida and Texas are the top three. (See sidebar for link to a complete list of state-by-state program data.)
- More than 50% of programs accept online homeownership education.

WANT TO LEARN MORE?

Here are the programs mentioned in the article with URLs to more information online:

- **PenFed Foundation Dream Makers Grant:**
http://www.pentagonfoundation.org/site/PageServer?pagename=dream_index
- **NeighborWorks Blackhawk Region Down-Payment Assistance Program:**
<https://nwblackhawkregion.org/we-lend/>
- **City of Napa's First Time Homebuyer Programs:**
<http://www.cityofnapa.org/200/Homeownership-Compradores-de-Casa>
- **City of Austin "Standard" Downpayment Assistance Program:**
<http://www.austintexas.gov/department/down-payment-assistance>
- **State-by-state list of downpayment program data from DPR:**
<https://downpaymentresource.com/wp-content/uploads/2018/04/HPI-state-by-state-data.Q12018.pdf>

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Saving for a Downpayment



Taking the Time to Do the Homework Can Give Buyers a Better View of Reality

Several organizations recently released studies on how many years of work and saving it takes to save for a downpayment. One of the latest, by personal finance technology company SmartAsset, found that where you want live—not just your debt, choice of home and saving skills—can determine how long it will take to save for a downpayment.

For the 50 largest cities, SmartAsset started with the reported median home value and the median household income. Assuming 20% of the median home value, SmartAsset divided the estimated downpayment by the annual estimated savings to arrive at the estimated years of saving needed to afford a downpayment.

They found that in some cities, the average home is worth so much more than the average income that it can take nearly a decade of more of saving for a 20% downpayment. Here are the cities that required the longest times to save for a 20% downpayment:

1. Los Angeles, 10.90 years;
2. San Francisco, 9.87;
3. New York, 9.68;
4. Oakland, 9.55;
5. Long Beach, Calif., 8.64;
6. Miami, Fla., 7.96;
7. San Diego, 7.94;
8. San Jose, 7.87;
9. Boston, 7.79;
10. Washington, D.C., 7.63.

Below, we have reprinted a short Q&A with A.J. Smith, SmartAsset's Vice President of Content and Financial Education. Smith is a personal finance expert who leads a team of journalists and public relations professionals at SmartAsset. She is an award-winning journalist with more than a decade of experience in television, radio, newspapers, magazines and online content. She holds degrees from Princeton University and Mississippi State University.



A.J. Smith

Q. Did it surprise you to learn that it takes as long as a decade to save for a downpayment in some of the markets you looked at?

A. For people living in those cities who are looking at some of the local home prices, it may not be so surprising that it would take a long time to save up for a 20% downpayment. I

think the big thing is, people don't often sit down and run the numbers. Exactly how long would it take? What amount of money would you have to put away in order to get there? People should really do the math and find out what the reality is for them and their family.

Q. Do you think the time required

to save for a downpayment today is delaying household formation and the ability of millennials to become homeowners?

A. This is not something that we've done any specific studies on. But certainly, there is a theory in housing that many millennials have an earnings deficit from costly student loans that they have to focus on first and are putting off home buying. Or they may not even be as interested in home buying compared to previous generations. Certainly, I think that when they look at the actual cost of homes, it can be a scary thing. They say, "Oh, I'll worry about that later."

That's one of the mindsets that we hope this study will change. Instead of feeling discouraged that they will never be able to buy a home for whatever the median home value is where they live, we hope the study will get them to say, "Well, what will it take? Let me see what I would need. What if I saved 5% of my income toward a downpayment? What if I saved 10 or 20%?"

If you broke down the numbers and worked your savings goal into your budget, you would have a little more control. People should really do the math.

Q. We have seen a lot of studies that say consumers believe that you must have 20% down to buy a home today. What do you think of that?

A. When people hear that they'll need a 20% downpayment and they calculate that cost in their markets, they tend to look the other way and put it off until later in life. The more informed you are, the better you can take control of your finances. By looking into different downpayment program options, you will find out you that can get a mortgage with less than 20% down. That lower downpayment, however, comes at a price as you will be required to pay private mortgage insurance. By running those numbers, you can find out exactly what that means. Is it worth it to you? Does it get you closer to your financial goals or not?



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WORKPLACE PRODUCTIVITY

Juliet Funt

Exit Strategies

Reaching Consensus in a Group Situation

By Juliet Funt

Why are decisions so hard to make in groups? It's because competing motives collide. A good cohesive work team has motivations that include the following:

- Getting great work done.
- Optimizing the team's time.
- Being efficient and decisive.

Additional goals might also include:

- Making everyone feel included.
- Being open-minded.
- Fostering camaraderie.
- Elevating less bold team members.
- Giving every idea a chance.
- Being nice to each other.

HYPER-COLLABORATION CHALLENGES

Due to these incompatible drivers, almost every company gets mired in the process of decision making. We call this problem Hyper-Collaboration, a type of quicksand that can create hours and hours of wasted time, not to mention hard feelings, regardless of how a matter finally resolves.

In addition to opposing forces, the following common tendencies in meetings often impede decision-making:

- Lacking an agenda to drive focus.
- Digital multitasking creating distractions.

- Too many slides dominating the flow.
- A strong personality eclipsing conversation.
- Fearing speaking the truth to the boss.
- Focusing on feelings instead of evidence.
- Getting lost in tangents.

WHAT IS THE SOLUTION?

There is certainly some deep work to do to make decisions flow more easily in meetings, but one set of tools can jump-start you onto the right track. WhiteSpace Exit Strategies is a helpful and simple model that offers you three (and only three) choices when you need to make a group decision.

The critical step is to decide beforehand which one you'll use to guide you.

EXIT STRATEGIES

1. Leader Calls It: After a prescribed



amount of discussion time, the most senior person in the room will make the choice.

2. Assign a Chooser: A member of the group is preselected based on his or her knowledge base or unique experience with the topic. After a prescribed amount of discussion time, that person will make the choice.

3. Guaranteed Vote: After a prescribed amount of discussion time, a vote is taken that all agree to abide by. A tie can be broken by 15 minutes of dialogue and then a single revote.

APPLICATION TIPS

Here are some tips for making the process work.

- **Get Buy-in Early:** Do not utter the first sentence of a rich decision-making process before deciding which of the three exit strategies you will be using.
- **Allocate Enough Time:** With a prescribed period of time, you are going to be spared the endless whirlpool of true Hyper-Collaboration but choose that amount of time carefully. Make sure you have allotted enough for a thorough discussion.
- **Circle Back to the Quiet Ones:** In the last moments of debate before making a decision, create space for less verbal members of the team to chime in. Give them a loving push into the spotlight for the good of all.
- **Tune Up Your Antennae:** You will know if this is “working” only by sensing the unspoken communication of your team. Pay attention to body language and eye contact. Listen for dissatisfaction.

- **Be Tough with Tangents:** If people go off track, reel them back in firmly. Do this as many times as necessary to protect the goal of the discussion.

- **Can the Devices:** The people who appear to be taking notes on their laptops are probably not. Device multitasking can lower your team’s ability to execute by 17%. During the section of the meeting when the actual decision is being made, tighten the limits on digital play.

- **Table with a Deadline:** After your prescribed amount of discussion time, if a decision feels truly premature, you can pull out this option. Have the group convene again—no sooner than one week later—and once again attempt to make a choice using the Exit Strategy triad. ▲



Hyper-Collaboration (is) a type of quicksand that can create hours and hours of wasted time, not to mention hard feelings, regardless of how a matter finally resolves.



Juliet Funt is the owner and founder of WhiteSpace at Work (www.whitespaceatwork.com/). It is her mission to unearth the potential of companies by unburdening their talent. Funt teaches a streamlined method for personal process improvement, leading to more creativity and engagement. She helps executives, managers and teams to answer the critical question, “What thoughts deserve my full attention today?” Funt has been a speaker at the ACUMA Conference. We received her permission to reprint this article in the Pipeline.



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Discussions Deliver “Deep Dive”

ACUMA’s annual spring workshops, held this year in Charleston, South Carolina and Minneapolis, brought the pressing issues of mortgage lending to almost 200 attendees over two days. The comprehensive Compliance and Regulatory discussions gave way to other focused presentations on topics ranging from better ways to communicate and tax changes affecting mortgage-lending credit unions to affordable lending strategies, MLO compensation issues and tips on preparing for NCUA examinations. Many presentations featured a “talk show” format that included lots of exchanges within the panels and in the audience. The two-day events are designed to provide education in an atmosphere that encourages networking. Attendees had the opportunity to talk with both the experts and their peers—not only during the workshop session but also at ACUMA’s informal meals (breakfast and lunch are provided) and opening-night reception—to develop their network of mortgage-lending professionals. ▲

Charleston attendees gathered in the ornate hotel ballroom for workshop sessions.



John Cepolski (center), Real Estate Origination Manager, Baxter Credit Union, and Amy Moser (right), Vice President of Mortgage Services at Mountain American Credit Union, join ACUMA’s Tracy Ashfield to discuss “Mortgage Lending Marketing Ideas.”



Karen Purves, International Speaker on innovative impact, shares tips for communication with staff and customers in her session “Communicate with Strength—Key Words that Enhance Your Effectiveness.”



Michael Christians, Attorney and Compliance Consultant, helped attendees with “Navigating Today’s Regulatory Environment.”



Rob Chrisman, the Senior Advisor to STRATMOR Group's Capital Markets practice whose daily market commentary is one of the mortgage industry's most widely read publications, discusses "The Top Concerns for Mortgage Lenders" with Tracy Ashfield, consultant to ACUMA.



Tracy Ashfield takes the microphone into the workshop audience for questions.

Joe Weisbord, Director of Credit and Housing Access for Fannie Mae, talks about "Affordable Lending Strategies" for credit unions.



ACUMA President and Co-Founder Bob Dorsa, keeps things on schedule as Master of Ceremonies.





Jason Sasena, SVP of National Mortgage Production at Lake Michigan Credit Union, discusses his CU's successful mortgage program with Tracy Ashfield.



A fabulous hot buffet was provided for breakfast and lunch each day.



The Francis Marion Hotel brought ACUMA to downtown Charleston, S.C.



Kris Kully, a law partner in Mayer Brown's Washington, D.C. office, helps workshop attendees with two important topics: "Fair Lending Compliance" and "MLO Compensation."



Joseph K. Goldberg, Director of NCUA's Division of Consumer Compliance Policy and Outreach, Office of Consumer Financial Protection, and Ron Burn, Principal Examiner, NCUA Region 3, team up for the "NCUA Update" at Charleston.



Kendall C. Stange, Senior Tax Manager at Elliott Davis accounting and tax firm in Charleston, explains "How the Latest Tax Changes Impact Housing, Mortgage Lending and Your Credit Union."

How an LOS Drives Profitable Loan Growth

*Embrace Technology
That Is Shaping
Consumer Expectations
and Industry Standards*

By Will Vickers

In the current environment, investments in technology are absolutely critical for CUs competing not only with banks, but also with fintechs and—as the media report—large tech firms like Amazon and Google that are already making plans to enter the mortgage space.

According to a recent Cornerstone report, loan growth is the key goal and technology is the key to attaining it.

“In 2018, community banks and credit unions will seek to gain more value from existing systems, as survey respondents listed this as a top priority in the technology department. With regards to lending technology, 29% of financial institutions want to modify or improve their consumer Loan Origination System (LOS) and 34% want to improve their commercial loan origination system,” said Ron Shevlin, Director of Research at Cornerstone Advisors.



“Modifying, improving or if needed, replacing, these systems may help institutions realize the full value of such technology and ultimately, achieve the loan growth that many institutions are prioritizing this year,” added Cornerstone’s Shevlin.

Why is loan growth tied to technology?

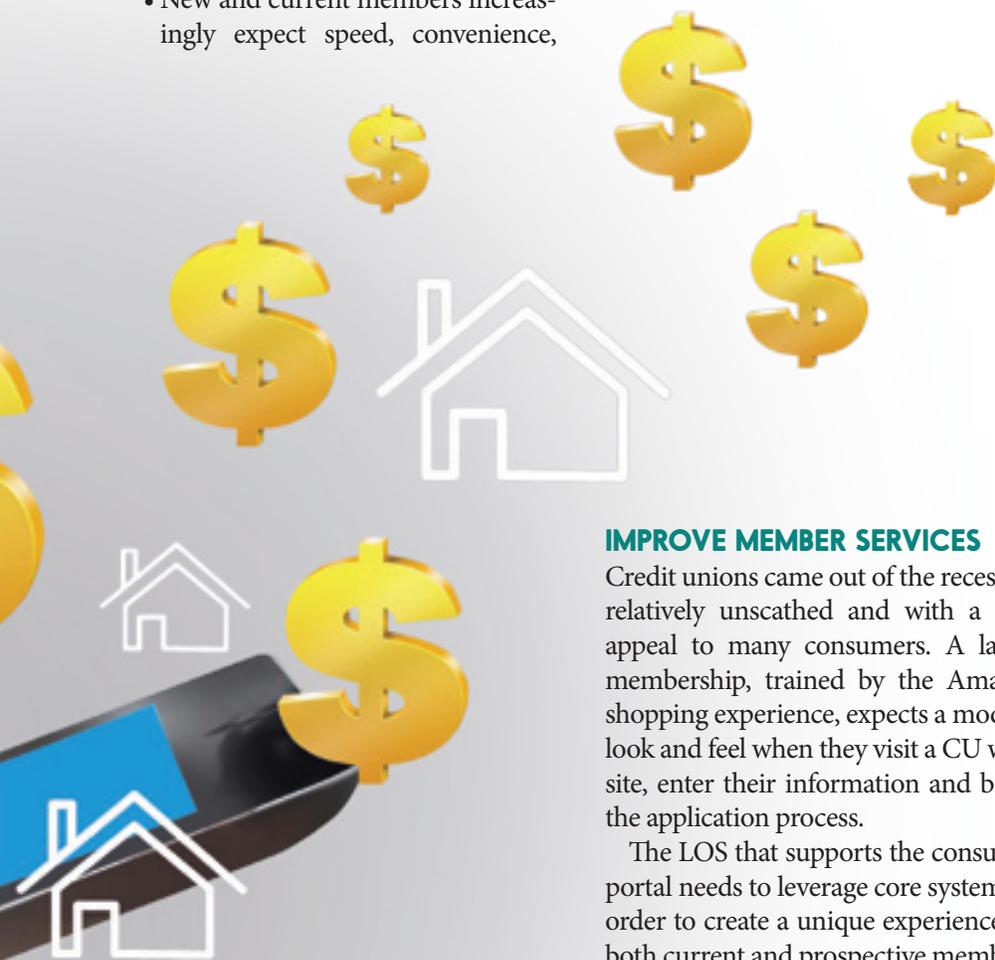
- Credit unions are serving a larger membership, which means higher risk and the need to fully utilize all of the capabilities of your LOS.
- New and current members increasingly expect speed, convenience,

24/7 accessibility and instant responses from the customer portal.

- Profitability depends on low costs made possible by efficient technology.

But with so much in flux in the industry, how do you get the most out of your LOS?

We’ve identified five key goals that your LOS should support as well as the technology enhancements needed to achieve them:



IMPROVE MEMBER SERVICES

Credit unions came out of the recession relatively unscathed and with a new appeal to many consumers. A larger membership, trained by the Amazon shopping experience, expects a modern look and feel when they visit a CU website, enter their information and begin the application process.

The LOS that supports the consumer portal needs to leverage core systems in order to create a unique experience for both current and prospective members. Your LOS should provide this experience, as well as:

- More self-service options, including live mortgage payment quoting, comparison of several loan products and an online application.
- A “Digital Mortgage” option that minimizes human involvement for the homebuyer seeking a mortgage and strives to achieve an entirely online experience.
- Opportunities for members to explore alternatives and educate themselves on the website before they are ready to apply.

TAKE ADVANTAGE OF LOS IMPROVEMENTS

In reviewing your current LOS, consider whether you’re proactively monitoring your vendor’s releases to identify newly introduced feature/functions that improve current processes. Many are incorporating the latest advances in technology into their roadmaps. These could include:

- Modern automation capabilities that enable automatic product and service orders based on workflow triggers.
- Improved quality control capabilities, with the LOS able to trap user errors as they occur, rather than passing them along uncorrected until the end of the loan manufacturing process.

IMPROVE SUPPORT FOR YOUR BUSINESS STRATEGY

Are competitors closing loans faster than you can? Speed and efficiency for loan decisions are decisive in attracting and retaining new members. To achieve loan growth and protect profitability, the LOS should accommodate greater risk (reflecting an expanded membership) and a wider range of loan parameters.

Does your LOS:

- Scale and grow as your volume increases?
- Include support for all required business channels: retail, wholesale and correspondent?
- Include all your favorite vendors as built-in integrations that allow staff to remain in the LOS while placing and receiving orders?

IMPROVE OPERATIONAL EFFICIENCIES

Blaming inefficiencies on the limitations of your technology is easy but frequently not accurate. Each LOS has a preferred flow for how work gets done. Is your team creating inefficiencies by fighting your technology? Many legacy companies are reluctant to examine their manual processes, especially if they’ve been the same for an extended period of time. The day-to-day challenges faced by your team when using your current LOS may be more easily solved than you think.

Check with your LOS vendor for the availability of new capabilities to im-

“
The LOS that supports the consumer portal needs to leverage core systems in order to create a unique experience for both current and prospective members.”

prove usability and maximize efficiencies, with such features as:

- Intuitive screen layouts that eliminate long learning curves for new team members.
- Task-oriented workflows to drive processes.
- Robust reporting capabilities.
- Accuracy of data flowing from one screen to the next. For example, if you order Arch MI for your member, does the premium amount flow to all parts of the system? Does Arch MI's name flow into the Uniform Loan Delivery Dataset (ULDD) or do you have to manually enter it?
- Advanced document management capabilities, including optical character recognition (OCR) and auto-indexing to eliminate manual "stare and compare" validation.
- A system that does a good job automating manual tasks and removing non-value-added steps.

IMPROVE SYSTEM FLEXIBILITY

An LOS that drives profitable growth will provide access to:

- A Product and Pricing Engine that is robust enough to support your creative loan programs.
- Functionality limits that accelerates new product development and roll-out.



To achieve loan growth and protect profitability, the LOS should accommodate greater risk (reflecting an expanded membership) and a wider range of loan parameters.



afford to ignore the enormous role that technology plays in shaping consumer expectations and industry standards. Loan growth in today's highly competitive environment simply can't be achieved without an advanced technology platform that promotes operational efficiencies, ensures low costs and delivers nearly instant turnaround.

By considering the points we've outlined above, you can identify how to

- Powerful tools that allow adding fields, modifying screen layouts and changing workflows as needs arise.
- Flexible reporting capabilities that make it easy to monitor and track key performance indicators to maximize your team's productivity and minimize operational costs.

The LOS is the cornerstone of any mortgage lending business. While CUs benefit from their personalized, community brand of service and focus on members, they can't

work with your vendor to upgrade your current system or decide whether a replacement might be needed. The goal is a technologically advanced LOS that will work effectively for your CU and your members. 

Will Vickers is the Vice President of Industry Technology at Arch Mortgage Insurance Company, which has given permission to reprint this copyrighted article. Arch MI provides mortgage credit default



Will Vickers

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Moving to Digital

Efficiencies Can Be Gained throughout the Mortgage Loan Process

By Shane Hartzler

Transforming from a manual and paper-based mortgage process to a completely digital one can be intimidating. However, it's not all or nothing: incremental steps in a digital transformation can yield meaningful results for your business.

There are plenty of ways to take your first steps (or the next steps) toward establishing a completely digital mortgage ecosystem.

Why Go Digital?

THERE ARE BENEFITS IN THE LOAN PROCESS

Going digital, in full or in part, is beneficial to lenders, borrowers and just about everyone else who touches the loan throughout the loan manufacturing process.

Whether the lender simply offers an online application, or goes from an online application through digital validation of income, employment and assets to a fully digital eClosing, going digital will increase customer satisfaction and decrease costs and cycle times.

According to a study recently published by the Federal Reserve Bank of New York, technology-based lenders process mortgage applications 20% faster than traditional lenders. (Technology-based lenders are defined as lenders who offer an end-to-end online mortgage application platform and centralized underwriting and loan processing augmented by automation.) These lenders can shorten the entire purchase mortgage process by an average of 7.5 to 9.4 days, the study found.

The reduced cycle times lead to a better borrower experience, faster delivery into the secondary market and more streamlined operations that help to reduce overall costs.

And with 80% of borrowers reporting that they want an expedited mortgage process, anything lenders can do to help borrowers move quickly and efficiently through the process will increase borrower satisfaction. This will keep borrowers—and their friends—coming back.

STARTING FROM THE APPLICATION

Are your borrowers still providing paper pay stubs when they apply for a loan?

The first touchpoint in a mortgage process is often digital. It happens when a borrower uses online tools to shop for a home, leverages an online mortgage payment calculator to determine what they can afford or gets pre-qualified for a mortgage (sometimes in a matter of minutes).

But the digital experience doesn't need to end here. You can continue to offer your customer a paperless mortgage experience by going directly to source systems to electronically verify income, assets and employment. For example, loans that get Fannie Mae's Day 1 Certainty® using the Desktop Underwriter® validation service average a 17% decrease in cycle times.

By taking data validation digital, you not only provide borrowers with a better experience, but you are also able to eliminate the need for back-and-forth with borrowers to gather these documents and the need to manually reconcile these documents with the loan application.

TAKE IT TO THE CLOSE

By implementing the systems described above, you're digital up until disclosures. But are you ready to take the leap to digitize the entire closing process?

If you've given borrowers a taste of how easy the mortgage process can be with online loan applications and digital validation of income, employment and assets, maybe it's time to consider eliminating paper at closing as well.

You can provide borrowers with a seamless digital experience as they close their loan by using eClosing. It allows for a more efficient closing experience for everyone else involved, too—real estate agents, notaries, settlement agents

“According to a study by the Federal Reserve Bank of New York, technology-based lenders process mortgage applications 20% faster than traditional lenders.”



and everyone in between.

In addition, eClosings can help to reduce issues like missing signatures and missing documents, helping improve data quality and reduce post-closing QC checks. Typically, eClosings are less expensive than traditional paper-based closings because they eliminate operational costs such as shipping, copying and storage fees. And they facilitate significantly faster delivery into the secondary market.

Wherever you are in the process, there is an eClosing option that's right for you.

A fully digital process includes using electronic notarization (or remote online notarization) and eRecording to electronically sign all closing documents including the eNote and security instrument at closing. However, even if electronic notarization or recording isn't an option in your state, the borrower can still sign the disclosures and eNote electronically.



Issues like missing signatures and missing documents can be reduced by eClosings, helping improve data quality and reduce post-closing QC checks.



This “hybrid approach” eliminates the need to physically review most of the documents post-closing, leading to less expensive, faster deliveries and providing the borrower with a better and faster closing experience.

Find out if eClosing and eMortgage are right for you with the eMortgage Basics Learning Series from Fannie Mae. (See the link to Fannie Mae's website at the end of the article.) While you're doing some research, spend some time with Fannie Mae's eMortgage Calculator, which will

help you run different financial scenarios to show you how eMortgage could benefit your organization.

DIGITAL GOING STRONG

Want to increase adoption rates and get more customers aboard the digital movement?

Your loan officers can be your biggest digital change agents. Your team will see

top sellers embracing digital tools, recognizing the value they are providing by improving the borrower experience and shortening the mortgage cycle time.

With those change makers promoting the value of going digital, who wouldn't want to be next in line?

Lenders are in the unique position to solve some of the biggest barriers to adoption of digital mortgage—borrower acceptance, increased awareness of the benefits of going digital by all participants, potential misconception of where and ways you can get digital at closing, technology options—by starting to take the first step (or maybe next steps) in the digital transformation journey. ▲

Shane Hartzler is Director of Product Development for Fannie Mae. To learn more about Fannie Mae's eClosings and eMortgages, visit www.fanniemae.com/singlefamily/emortgage#.



Shane Hartzler



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Utilize Mortgage Technology with a Personal Touch

Doing So Will Take Your Home-Loan Program to the Next Level

By Wallace C. Jones

The mortgage world is rapidly becoming high tech. New companies and technologies are popping up everywhere. A large portion of the marketing budget of many lenders is used to advertise a fast, no-hassle mortgage experience.

While the truth is that for most applicants the mortgage process is still not that easy, much of the new technology is improving the process and, if nothing else, the advertising is working.

People want an easier and faster experience, and many of the large independent mortgage companies that utilize this technology are rapidly gaining market share. Use of technology will continue to increase in importance for the next wave of homebuyers:

- Many consumers in their 40s are now ready to move up from their starter home.
- The millennials (late 20s to late 30s) who initially placed little importance on owning a home are now ready to move out of their rental (or their parent's basement), and are beginning to realize how important home ownership is to build wealth.
- Then we have Gen Z who has homeownership as an important goal and will soon be ready for homeownership.

This combined group of homebuyers will want and expect a sophisticated mortgage experience.

THE ROLE OF LOAN OFFICERS

Borrowers however, are not the only reason to obtain technology. Loan officers will not be replaced by technology, but their performance and effectiveness can be dramatically enhanced by it, and they may look to make a move to a lender that has the technology they need if you cannot provide it.

The passage of Senate Bill 2155 (the Economic Growth, Regulatory Relief, and Consumer Protection Act) will actually make it easier for one of your NMLS-registered originators to switch to a non-federally regulated institution. They will be able to continue to originate loans for 120 days while obtaining their license.

To retain your best originators you will need to provide them with state-of-the-art technology in addition to a full product line, competitive rates and satisfactory comp plans.

If you cannot offer them the technology they need, then they are likely to leave.

Whether you purchase and imple-



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ment this technology, or find a mortgage partner that can provide you with all the tools you need—white-labeled, at a reduced cost, and with little or no implementation hassle—you must be able to provide all of the tools below in order to thrive in your market.

TECHNOLOGY COMPONENTS

Unfortunately, there is no single technology that will provide all of the tools and software you need to compete, but let's take a look at the major components you will need.

1. Start with a good Customer Relationship Management system with automated campaigns to keep you and your brand in front of the member and the Realtor in the transaction.

2. Supplement personal communications from your loan officer with automated and important information during the “pre-qual” stage, milestone notifications during the loan process and follow-up communications after the loan closes.

“*You do not have to put your name on professional sports buildings or advertise in the Super Bowl to grow your mortgage share and provide your members with a superior mortgage experience, but you may need to evaluate your current process.*”



disclosures, the ability for the member to upload documentation or authorize e-verification, and, again, be fully optimized for mobile. Throw in a chat feature or utilize a quick-and-easy online meeting device that your LOs can utilize for non-face-to-face applications, again, providing a personal touch. Complete your due diligence to make sure the meeting software you choose also is user-friendly for both you and

3. Give your Loan Officers tools to provide professional cost analysis and other pertinent information that can be sent electronically and is fully optimized for mobile devices. If a video of the LO explaining the information can be delivered with your communication, you are providing your LOs the ability to set themselves apart with the member and the Realtor.

4. You also need a state-of-the-art Point of Sale software that provides a user-friendly application, accurate electronic

the member.

Layer and integrate all of these technologies, and you have everything you need from a systems perspective to provide the type of experience your members want and expect.

You do not have to put your name on professional sports buildings or advertise in the Super Bowl to grow your mortgage share and provide your members with a superior mortgage experience, but you may need to evaluate your current process.

Link your credit union's reputation as a local trusted financial advisor with quality loan officers and state of the art technology to “win” your local market, and help more of your members achieve the American dream. The time for change or upgrade in personal touch technology is now. ▲

Wallace C. Jones is the Vice President of Training & Business Development in the Credit Union Division of Finance of America Mortgage, which offers a variety of loan products and has Mortgage Advisors across the country to help consumers choose the mortgage product that meets their home financing needs. Visit www.foamortgage.com/ for more information.

HOLD THE DATE! 2019 ACUMA WORKSHOPS

At ACUMA's Annual Workshops attendees receive an in-depth opportunity to hear and discuss the latest industry developments and interact with mortgage experts and credit union leaders. The workshops will take you on a “deep dive” into each topic. The same program is presented in both cities; attend either event.



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The workshops hit all the hot topics—compliance, regulatory environment, secondary market features, etc.—as well as areas that are becoming more important, such as the emerging digital mortgage landscape. In addition to the expert presenters, we'll also feature your credit union peers sharing their “routes to success” in popular talk-show formats. Save the dates to attend next year's workshops.

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RESEARCH REPORT

Member Effort Benchmarking

Measuring Ease of Use

**Sam Jardine and Professor Jenny Darroch,
Drucker School of Management, Claremont Graduate University**
Constance Anderson, President, MemberXP

Underlining added for emphasis on mortgage lending.

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Context For The Study

- Credit unions generally enjoy strong market share in consumer lending, especially with auto loans.
- Mortgage lending lags behind consumer lending at around 7% market share.
- One reason for this difference in market share might be a more streamlined lending process for consumer vs. mortgage lending, therefore a better member experience.
- Therefore, a central question guiding this study is: “Will reduced member effort increase member loyalty?”
- We also sought to understand how member effort in joining the credit union and resolving complaints affected overall satisfaction.



Three primary research questions guided our analysis:

1. How can credit unions improve their mortgage lending, problem resolution, and new membership processes to emulate successful consumer lending?
2. What does “good” member effort look like?
3. Are there better measures, such as a Member Effort Score (as opposed to satisfaction or Net Promoter Score) to track progress as credit unions seek to improve core lending and member engagement?

Using an online survey, Filene collected data from **5,247 members across 16 credit unions** to examine member experiences across 1 of 4 contexts:



Getting a consumer loan
(n = 2,426)



Opening a new account
(n = 1,552)



Getting a mortgage
(n = 515)



Using phone support to resolve a problem
(n = 754)

Underlining added for emphasis on mortgage lending.

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Key Findings and Recommendations

Irrespective of the measure used:

- Credit unions excel in consumer lending.
- Credit unions do not do well if a member applies for a mortgage or joins the Credit Union via the web. Mortgage lending, regardless of channel, scores poorly.
- Many members from the sample applied for mortgages online.*

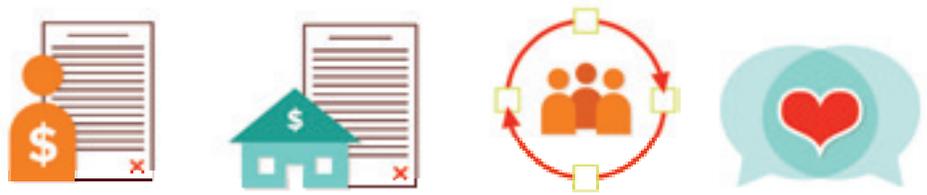
We recommend:

- Consumer lending scores set the standard for mortgage lending and joining the credit union. Despite different levels of complexity, using consumer lending scores as a benchmark will force credit unions to honestly assess their bottlenecks.
- Credit unions should identify their own consumer lending best practices and seek to replicate them across mortgage lending. Recognize, however, that mortgage lending relates to high involvement, infrequent and often more stressful purchases. This means that members may not have fair expectations of the process.

** This finding is partially driven by our sample which includes many responses from one credit union that only accepts online mortgage applications.*

Underlining added for emphasis on mortgage lending.

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- Credit unions should more clearly set expectations for mortgage lending; clear statements of process, reminders of where the member is during the process, excellent follow up, and clear and timely responses to all questions. Adopt collaborative, automatic online technologies to keep members engaged and informed, freeing staff to focus on a smaller number of key process points.
- Credit unions should improve the transition between web-application mortgages and human processing. Recognizing that many members will make initial inquires on the web, we encourage credit unions to move quickly to person-to-person contact as this is where credit unions excel.
- We found evidence that the poor performance from web-initiated mortgages, with poor handoff and subsequent communication, is negatively impacting members willingness to give future business to the credit union.



Underlining added for emphasis on mortgage lending.

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Practitioner Recommendations

OVERALL

- **Do not rely solely on NPS as a measure of the member experience.** Measuring member effort separates member goodwill from the actual member experience and helps explain why high NPS scores do not always correlate with credit union growth and wallet share.
- **Ensure excellent hand-off between remote applications,** Members find remote apps easy to use, but complain of a lack of response from the credit union. This might be due to spam filters or human error, if the member receives an automated email response to a remote channel application. Give members the option to receive an SMS text message or an email to indicate their application was received. Tell members upfront when they can expect a call or email from a credit union representative. Follow-up quickly (one business day or less) to all member applications if they require human contact.

ONLINE MORTGAGES

- **Automatic, self-service status check.** If mortgage volumes are high, establish an online communication hub to check on the status of mortgage loan. Loan officers are busy, and members become frustrated when they cannot reach them immediately by phone or email. They would rather self-serve than deal with a lack of status updates. One caveat—if a credit union establishes an online mortgage collaboration site, the site must be updated quickly when documents are uploaded or received. Some systems include automated alerts to members, but if the site is not updated on a timely basis members can be notified that a document they have just uploaded has not been received. This is frustrating to members and erodes trust.

Underlining added for emphasis on mortgage lending.

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NEW MEMBERSHIP IN BRANCH OR PHONE

Open and educate.

Feedback shows that members want account representatives to spend more time explaining the benefits of credit union membership. They are unsure of what a credit union is and why they need to open a share account. They also want the employee to make sure they are signed up for online banking and paperless statements when desired.

Cut the time.

The time it takes to open an account is secondary to being fully educated. However, most members agree that an application process that takes over an hour is excessive.

Cut the line.

Wait time before seeing a representative is more frustrating than actual account opening time. Members who said their wait time was too long usually waited 10 minutes or more. Study wait times at various branches and times and make every effort to reduce to less than 10 minutes.



Practitioner Recommendations



NEW MEMBERSHIP WEB APPLICATIONS

Double back.

Follow up immediately (within 1 business day when a member submits an online membership application). Don't assume that members know their account is open. Many members said they got no notification that their account had been opened or if they could access it. They tried to verify their new account by logging in to online banking, but they had no user name or password yet.

Quick and clean.

Approve online applications quickly if a manual process is involved. Members expect that when they apply for membership online, the process will be easier and quicker than going into a branch. Yet, they consistently report waiting weeks to get their account numbers, debit cards, and instructions for using online banking and mobile apps. Provide a clear message at the end of the online application telling members how long the process will take and what to expect next.

Untangle channel threads.

Channel thrashing is a major frustration for members who apply for membership online. Many reported applying online but then having to visit a branch to provide identification documents or to repeat information via a phone call from a credit union representative.



EXECUTIVE SUMMARY BENCHMARKS

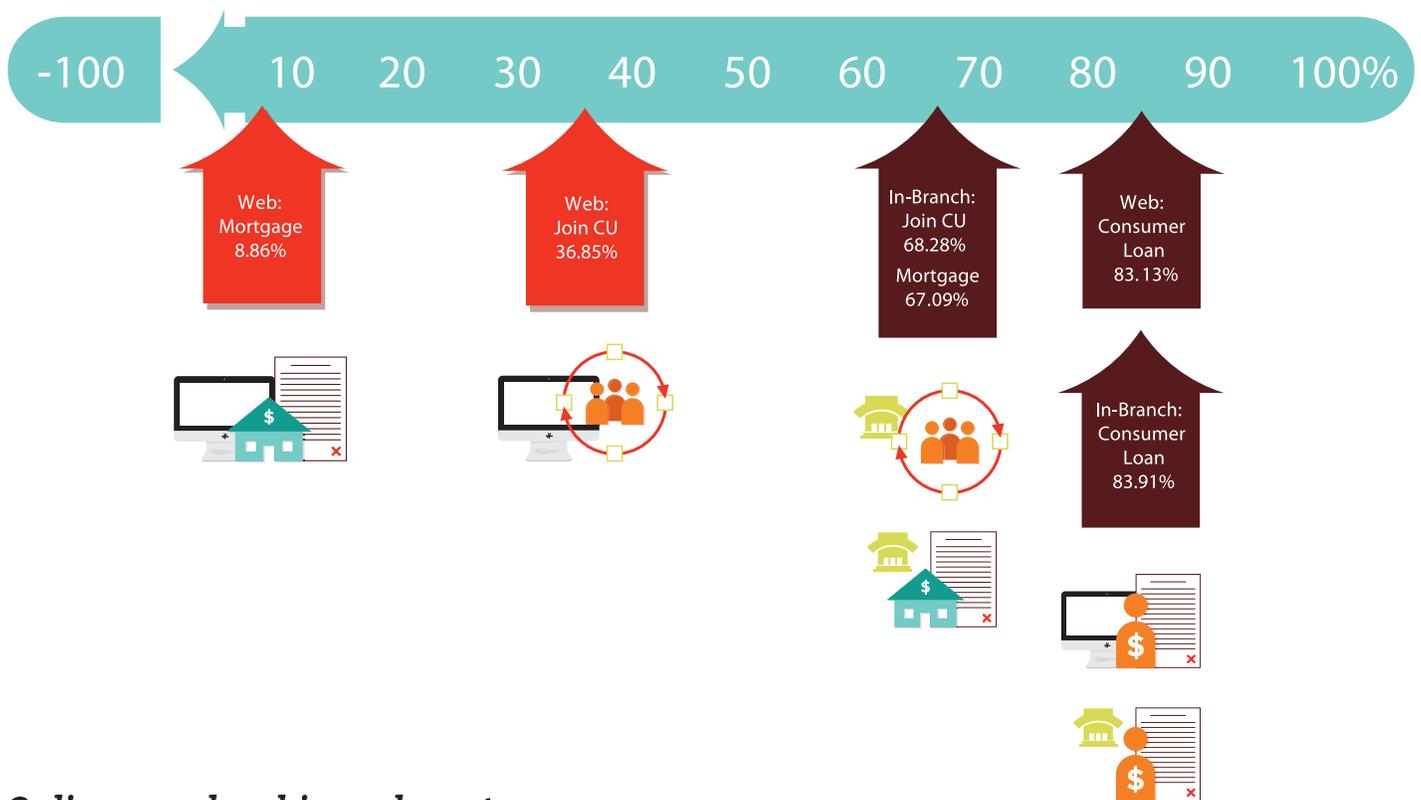
{ FOR QUICK REFERENCE }

What does "good" member effort look like?



Net Promoter Score

Based on your experience in obtaining this loan, how likely are you to recommend the credit union to a friend or colleague?



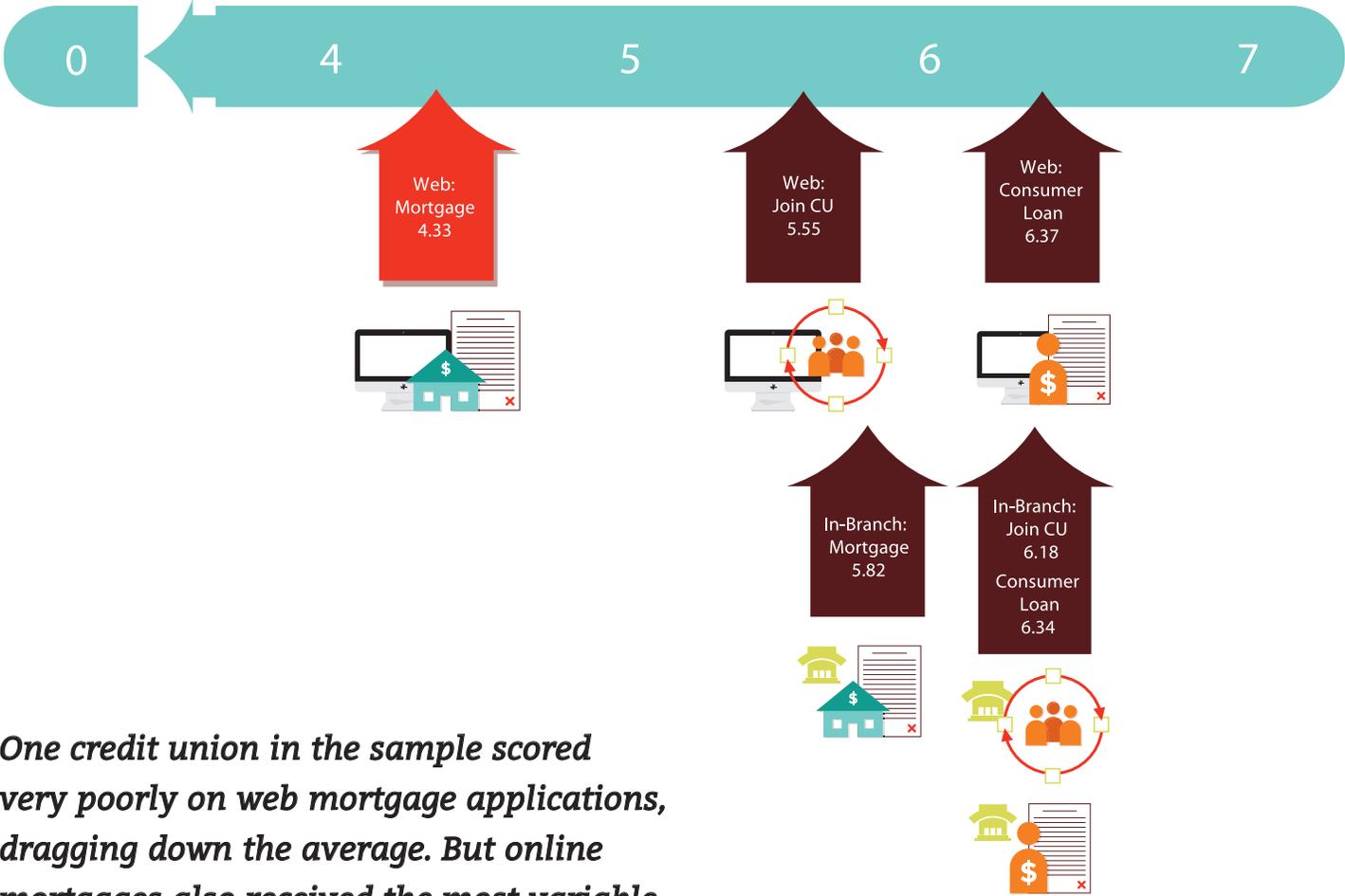
Online membership and mortgage applications are the weakest link in credit unions' NPS scoring.

Underlining added for emphasis on mortgage lending.

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Member Effort: Actual

How easy did the credit union actually make the borrowing process for you?
(7=Very Easy)



One credit union in the sample scored very poorly on web mortgage applications, dragging down the average. But online mortgages also received the most variable scores across all products, meaning credit unions need to get much better.

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Member Effort Average: Benchmark Scores*

● = Individual credit union score



Consumer Loan by Institution (1-7 Scale)

How easy did the credit union actually make the borrowing process for you?



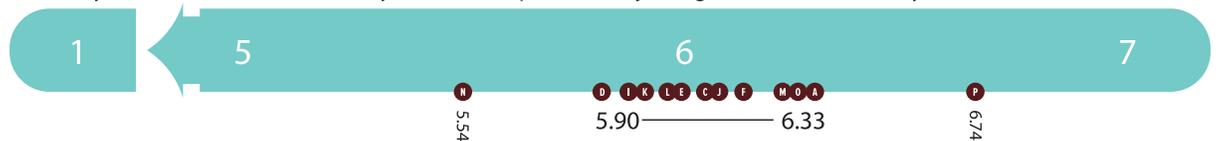
Mortgage Loan by Institution (1-7 Scale)

How easy did the credit union actually make the borrowing process for you?



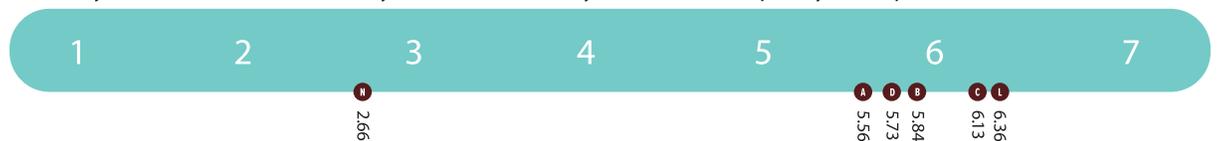
New Membership by Institution (1-7 Scale)

How easy did the credit union actually make the experience of joining the credit union for you?



Problem Resolution by Institution (1-7 Scale)

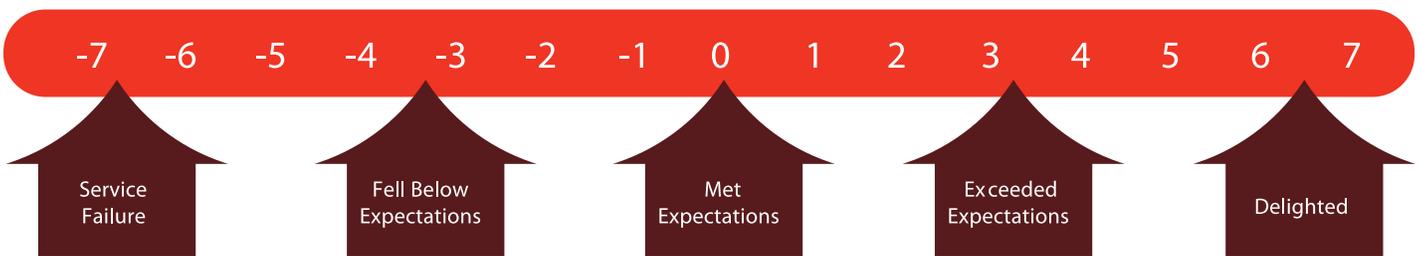
How easy did the credit union actually make it to resolve your issue or complete your request?



* We only present scores for credit unions with at least 30 responses for the measured process.

Executive Summary: Key Findings Related to Measures

Although the results were consistent across the various measures used, and industry benchmarks will lie on a 1–7 scale, we recommend moving to a new Member Effort Classification (MEC) we developed based on the difference between actual and expected member effort scores. The five MECs are as follows:

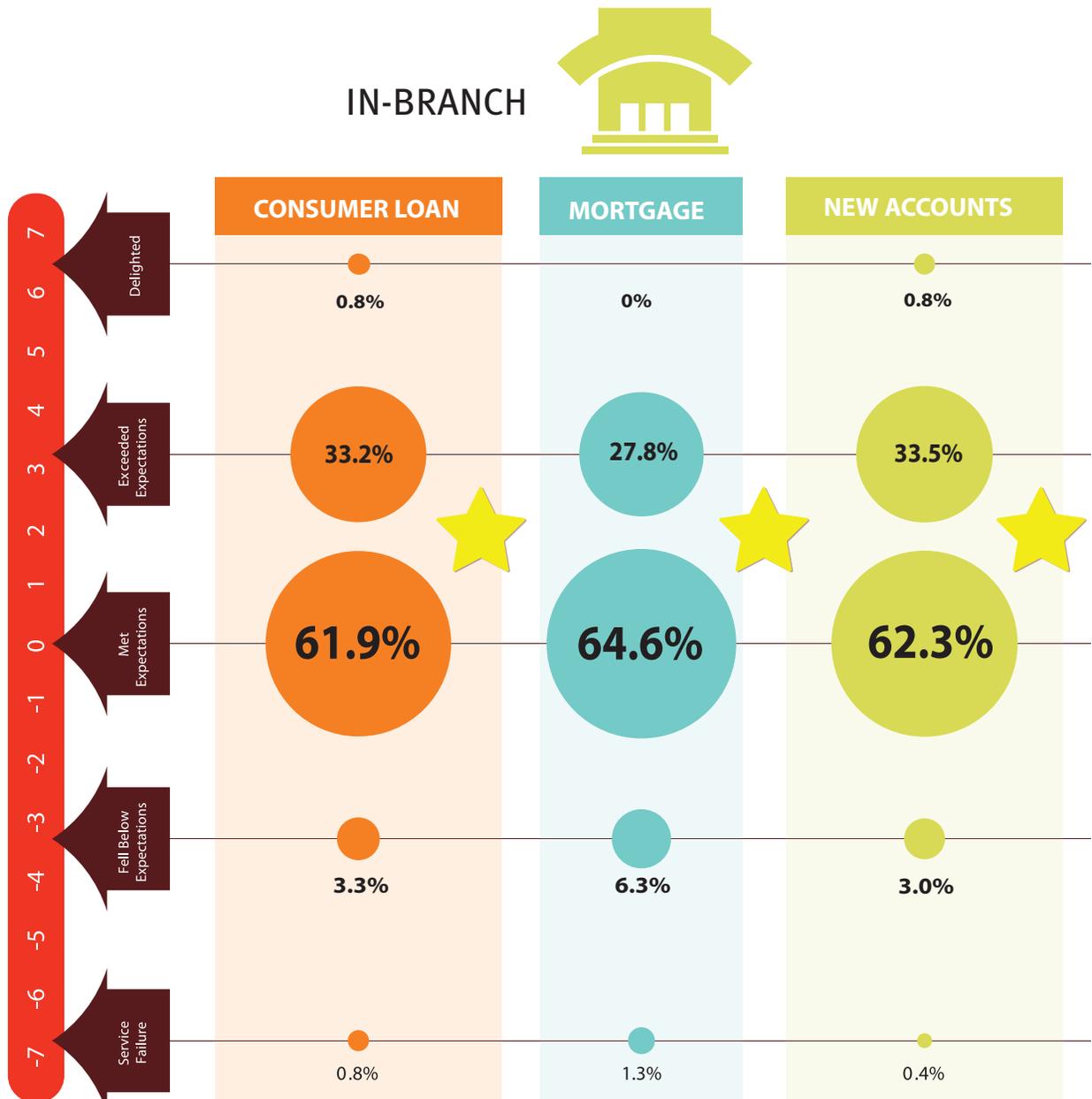


1/3 of members felt consumer lending exceeded expectations
2/3 of members felt it met expectations
Very few were disappointed

More than 1/3 of members reported that mortgage lending either fell below expectations or represented a service failure

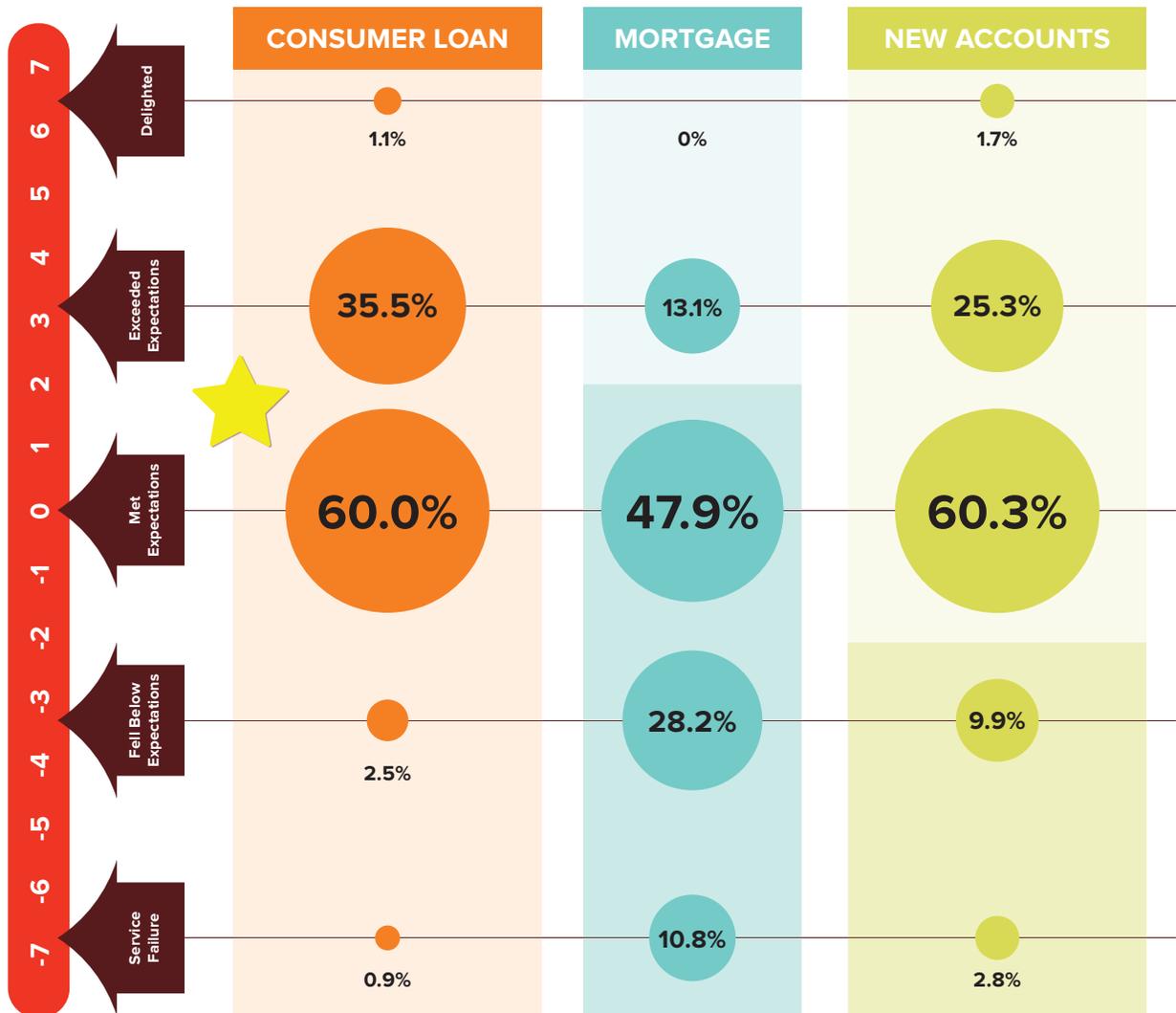
We recommend this new measure because it gives more of a fine-grained approach for tracking improvements in lending, account opening, and service.

Member Effort: Gap Between Actual and Expected



With rare exceptions, credit unions make every in-branch experience effortless.

WEB



Members expected to be pleased, and usually were.

Too often the mortgage experience failed to match expectations.

Easier than mortgages, but still room for improvement.

Underlining added for emphasis on mortgage lending.

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About Filene*

Filene Research Institute is an independent consumer finance think and do tank. We are dedicated to scientific and thoughtful analysis about issues vital to the future of credit unions and consumer finance.

We live by the famous words of our namesake, credit union and retail pioneer Edward A. Filene: “Progress is the constant replacing of the best there is with something still better.” Together, Filene and our thousands of supporters seek progress for credit unions by challenging the status quo, thinking differently, looking outside, asking and answering tough questions, and collaborating with like-minded organizations.

Filene is a 501(c)(3) not-for-profit organization. Nearly 1,000 members make our research, innovation, and impact programs possible. Learn more at filene.org.

“Progress is the constant replacing of the best there is with something still better.”

—Edward A. Filene



HONORS, AWARDS AND RECOGNITIONS



Making a Difference

ACUMA

KRISTA KORFMACHER

has joined the **American Credit Union Mortgage Association (ACUMA)** as Member Service Manager, a new position. Her responsibilities include providing service to members, assisting with event planning, as well as marketing and social media duties.



Krista Korfmacher

Korfmacher is a meetings and events professional with additional experience collaborating with member service, marketing and professional development. For more than a dozen years she has successfully performed site review and selection, pre-conference and on-site meeting logistics, entertainment booking, and budget development and management.

The majority of Korfmacher's previous experience has been within the credit union industry, where her job at the **Credit Union Executives Society (CUES)** included planning more than 30 national and international events annually. Her responsibilities included budgets, schedules, logistics and all the details of events that included up to 1,500 attendees.

Korfmacher has also served as Executive Director of her local Chamber of Commerce. Her responsibilities included community-wide activity organization and membership development.

In her spare time she is an avid reader and passionate advocate of hot yoga, swimming and running while managing a household of two teenage boys and a slightly confused husband.

■ CU HOME MORTGAGE SOLUTIONS

CU HOME MORTGAGE SOLUTIONS in Seattle, Washington has been named as one of the "Best and Brightest Companies to Work For® in the Nation" for 2017. The competition honors companies that deliver exceptional human resource practices and show an impressive commitment to their employees. For the award, organizations are assessed based on communication, work-life balance, employee education, diversity, recognition, retention and more.

"We are honored to receive this recognition at CU Home Mortgage Solutions," said **BRIAN POUCH**, President. "One of our core values is that people come first, and I am pleased that we are living up to that promise. As a CUSO organization we are deeply rooted in the credit union culture and truly value our employees and credit union members we serve."

CHARITABLE DONATIONS: Additionally, CU Home Mortgage Solutions in 2017 started a program in which members who close a mortgage can designate one of five charities for a donation by the company, Pouch reported. In 2017 CU Home Mortgage Solutions donated \$36,900 through the program, including \$25,000 to local Habitat for Humanity offices in Washington State, he said.

CU Home Mortgage Solutions is a mortgage-lending CUSO formed in 2007 and licensed in Washington, Oregon and Idaho. The company is owned by **VERITY CREDIT UNION** (28,000 members, \$460 million assets) in Seattle and **HARBORSTONE CREDIT UNION** (79,000 members, \$1.26 billion assets) in Lakewood, Washington.

■ CU MEMBERS MORTGAGE

CU MEMBERS MORTGAGE, a division of **COLONIAL SAVINGS F.A.**, has hired **PAT ZERVIC** as Processing Manager. Zervic is responsible for providing oversight and direction to the processing team to streamline processes, create operational efficiencies and increase member and credit union satisfaction.

Zervic, an experienced credit union mortgage lending operations expert, joins CU Members Mortgage after working for **SAN DIEGO COUNTY CREDIT UNION** for four years as Senior Vice President of Real Estate, where she managed retail mortgage lending first and second operations, servicing, and secondary marketing. Previously, she worked at **PENTAGON FEDERAL CREDIT UNION**, where she managed nationwide retail mortgage lending operations.

Zervic holds an MBA in Project Management and a Bachelor's Degree in Op-

erations Management and Analysis, both from Ashford University.

"We are very excited to have an industry leader of Pat's caliber join the CU Members Mortgage family," said Steve Hewins, Senior Vice President of CU Members Mortgage. "Her years of successfully serving members in credit unions and broad understanding of mortgage lending add great depth to our team."

Dallas-based CU Members Mortgage provides comprehensive mortgage services to credit unions and CUSOs nationwide. The company originates more than \$1 billion in FHA, VA and conventional loans each year. With a portfolio of \$25 billion, Colonial is one of the largest servicers of mortgage loans in the United States.



Pat Zervic

HONORS, AWARDS AND RECOGNITIONS

Continued



Making a Difference

■ TRULIANT FEDERAL CREDIT UNION

TRULIANT FEDERAL CREDIT UNION (226,000 members, \$2.2 billion assets) has named **GUS KROUSTALIS** to the new role of Digital Marketing Director.

As Digital Marketing Director, Kroustalis will develop, plan, implement and report on integrated digital and social marketing strategies across all digital platforms, including the Truliant website, email campaigns, digital advertising, social media, online and mobile banking, and ecommerce initiatives. Truliant's goal is to better meet members' digital experience needs.

"As we bring greater digital convenience to our members, our goal is to exceed their digital-banking needs," said **CHRIS MURRAY**, Vice President of Member Experience for Truliant's Member Financial Centers (branches). "Gus brings forward-looking, practical knowledge from his work as a digital marketing strategist to Truliant, and our members will benefit from his experience."

Most recently, Kroustalis worked as Digital Marketing Strategist for **BEACON TECHNOLOGIES**. Earlier, at **NEW RIVER INNOVATION**, he managed marketing, creating and executing comprehensive paid-search and radio campaigns and wrote underlying data tracking and reporting on users' online experience. He also served as Marketing Manager for **EFFECTUR**.

Kroustalis has presented on topics of website design and the mobile user experience at marketing conferences. As Adjunct Professor of Digital Analytics at Wake Forest University, he spearheaded a successful digital analytics curriculum for the Masters in Business Analytics graduate program.

Truliant FCU, based in Winston Salem, North Carolina, "seeks to improve members' lives with financial guidance and affordable financial services." Truliant was chartered in 1952 and now serves its members with 33 branches in North Carolina, South Carolina and Virginia.



Gus Kroustalis

■ TELL US ABOUT YOUR NEWS

We publish news of credit union real estate industry honors, awards and recognitions of individuals and organizations. We also publish news of housing-related community recognitions, such as Habitat for Humanity projects and National Association of Realtors cooperative ventures.

Send your news to krista@acuma.org and include who, what (be specific), when, where and, if desired, a head-and-shoulders photo (300 dpi) identifying the person being honored (name, title, organization). Deadlines are November 15 for the Winter Issue and May 15 for the Summer issue.



*The Mortgage Department at **VENTURA COUNTY CREDIT UNION** (78,000 members, \$732 million assets) has held its inaugural Corporate Build Day with **HABITAT FOR HUMANITY**. "We typically see one side of the home-owning process by approving and originating loans every day, but it's not often that we get to experience how personally this affects the people in our community," explained Amber Hahn of the VCCU Home Loan Team. Twenty-five members of VCCU's staff worked side by side with the six families that will live in the Habitat for Humanity homes. "Ventura County Credit Union is big on helping out our community, and this is just one of the many volunteer events we have participated in this year," noted Hahn. Shown are members of the VCCU Corporate Build Day crew. VCCU has eight branches in Ventura County and membership is open to anyone who lives, works or attends school in California's Ventura or Santa Barbara counties.*



**This is about
people.**

We remind ourselves
of that every day.

Don't get us wrong, we love
numbers too. But at the end
of the day, this is all about
working hard with our Credit
Union partners to help get
more of your members into
the homes they deserve.
When you accomplish
something like that, how could
it be about anything else?

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"When we call FICS, we know we're going to reach a receptionist and one of the support staff we've worked with for a decade. It's one of the strongest relationships I have with a vendor – by far. I know I can pick up the phone and speak to someone within 2 minutes and have my problem resolved or question answered."

- FICS Credit Union customer since 1998

- FICS® understands the importance of keeping your members engaged and satisfied
- Our web applications make it easy for your borrowers to apply for a loan online, review their loan information, and make online payments
- Our loan origination and servicing software save your staff time, allowing them to focus on delivering personalized customer service
- Our exceptional system support team will assist you with any questions you encounter

FICS®
YOUR MORTGAGE SOFTWARE PARTNER

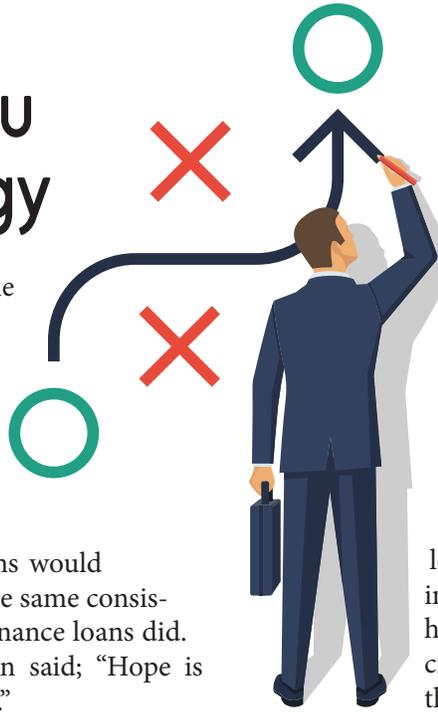
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To Succeed, You Need a Strategy



There is no doubt the mortgage market is shrinking. Check out the forecasts from the Mortgage Bankers Association, Fannie Mae and Freddie Mac. They all agree the pie is getting smaller.

What isn't getting smaller? Credit Union's market share of first mortgage loans! Now that's cause for celebration. Credit union market share inched up just a bit in the first quarter—not a lot, but even a small increase demonstrates credit unions are gaining traction in the home purchase market.

Even though the call report data isn't a perfect measure, it does a great job

“It's often been said; 'Hope is not a strategy.'”

of noting the top performers. As I scroll through the Top 50 it would be easy to suggest that all the top performers earned their spot because they are large-asset credit unions.



There is no doubt most are large, but knowing so many of the Top 50 personally there is also another commonality. These credit unions represent a group that were proactive in developing purchase money strategies during the refinance boom. They didn't wait until loan volume decreased.

Now, let me be clear: not everyone took the same approach, but they didn't “hope” the purchase loans would arrive with the same consistency the refinance loans did. It's often been said; “Hope is not a strategy.”

As I look at the top performers I see:

- Some that focused heavily on developing a solid “sourcing” strategy. This includes Realtors, builders and financial planners.
- Others developed highly competitive first-time homebuyer products and researched and accessed downpayment assistance programs, positioning the credit union as a top-notch resource for members shopping for their first home.
- A group that made big investments in getting their retail branch staff engaged and trained so they could be effective “ambassadors” for the credit union's home mortgage offerings.

Of course, many CUs combined these strategies and it's great to see

the effort pay off. Bottom line: no credit union can be all things to all people, but to succeed in today's competitive market you need a well-thought-out strategy.

Lastly, take the time to look at the loan production in units. Remember that each home mortgage means the credit union has deepened the relationship with the member. That's the big deal.

We've been printing this report sorted by dollar volume for years. Consistency is good, but please do note: the numbers matter. They represent the members you have provided with a fairly priced loan delivered with their best interests in mind. Congratulations to all!

TOP 300 REPORTS ONLINE

We publish the Top 300 mortgage-originating credit unions twice a year in the *Pipeline*. But we post them quarterly on the ACUMA website. You can find them by going to acuma.org and using your password to enter the “members only” section. It's yet another benefit of membership. ▲

-Tracy Ashfield,
ACUMA Mortgage Consultant

Top 300 First Mortgage-Granting CUs Market Share as of March 31, 2018

	\$ Originated 1st Mortgages (Fixed & Adjustable)	# Originated 1st Mortgages (Fixed & Adjustable)	\$ Outstanding 1st Mortgages (Fixed & Adjustable)	\$ Sold 1st Mortgages
Top 300 1st Mortgages Originated CUs	24,438,267,104	105,727	285,984,673,112	8,107,399,282
All Originating CUs (2,746 CUs)*	30,696,874,515	155,195	400,620,932,949	9,614,846,578
Top 300 Share	79.6	68	71.4	84.3

*CUs who granted \$10,000 or more 01/18 - 03/18

Continued →

Top 300 First Mortgage-Granting CUs as of March 31, 2018

Rank	State	Name of Credit Union	\$ Originated 1st Mortgages (Fixed & Adjustable)	# Originated 1st Mortgages (Fixed & Adjustable)	\$ Outstanding 1st Mortgages (Fixed & Adjustable)	\$ Sold 1st Mortgages	RE Loans Sold but Serviced by CU
1	VA	Navy	\$3,392,379,818	12,610	\$31,130,564,643	\$1,637,846,333	\$29,900,033,107
2	VA	Pentagon	\$669,026,000	1,674	\$11,424,405,220	\$249,735,949	\$6,360,052,109
3	NC	State Employees'	\$667,027,844	4,008	\$16,212,771,578	\$143,397	\$120,404,910
4	CA	First Tech	\$531,918,506	1,103	\$5,110,799,843	\$203,734,107	\$4,467,172,204
5	MI	Lake Michigan	\$507,529,882	3,558	\$3,175,072,360	\$250,260,124	\$6,987,131,351
6	NY	Bethpage	\$487,636,302	879	\$3,568,766,427	\$251,183,870	\$5,233,488,271
7	WA	BECU	\$485,870,277	1,771	\$6,161,699,751	\$119,764,174	\$3,562,167,466
8	CA	Logix	\$318,871,550	681	\$3,384,239,192	\$44,737,064	\$1,614,748,250
9	UT	Mountain America	\$292,869,968	2,553	\$2,143,907,079	\$120,720,740	\$1,565,329,658
10	ID	Idaho Central	\$288,667,412	1,403	\$1,261,911,541	\$148,955,647	\$1,895,501,669
11	CO	Elevations	\$264,700,466	735	\$808,915,201	\$201,377,899	\$3,374,426,437
12	IA	University Of Iowa Community	\$255,139,693	856	\$2,585,637,853	\$95,369,661	\$87,218,684
13	CA	SchoolsFirst	\$240,085,039	657	\$3,387,202,146	\$38,216,419	\$1,800,253,084
14	NY	Teachers	\$226,607,833	114	\$1,490,083,888	\$15,214,145	\$1,298,921,932
15	AK	Alaska USA	\$224,186,379	718	\$854,391,063	\$188,497,423	\$4,981,739,988
16	UT	America First	\$214,441,122	2,332	\$1,163,146,553	\$103,307,729	\$2,469,641,060
17	CA	Patelco	\$211,462,117	343	\$2,657,285,782	\$23,895,383	\$977,044,946
18	TX	Security Service	\$204,963,851	1,345	\$2,310,925,308	\$41,903,860	\$1,336,433,411
19	OR	OnPoint Community	\$203,508,685	1,835	\$1,722,318,799	\$90,861,554	\$1,786,492,499
20	MA	Digital	\$203,197,915	564	\$2,253,409,912	\$82,397,648	\$2,232,756,262
21	IA	Veridian	\$183,565,122	640	\$1,213,258,020	\$53,439,454	\$138,948
22	WI	Landmark	\$177,113,374	955	\$1,111,344,886	\$83,695,187	\$2,322,436,817
23	TX	Randolph-Brooks	\$173,400,344	1,252	\$2,774,084,570	\$23,082,428	\$569,371,922
24	TX	University	\$171,004,123	585	\$917,272,117	\$140,659,728	\$1,445,655,608
25	CA	Kinecta	\$169,016,965	322	\$1,883,064,541	\$55,663,624	\$3,176,489,762
26	WI	Summit	\$164,432,251	895	\$1,465,026,146	\$71,729,739	\$1,833,447,874
27	CA	The Golden 1	\$163,501,772	963	\$2,550,252,150	\$64,021,373	\$756,330,919
28	CO	Ent	\$147,783,571	608	\$2,207,528,552	\$50,165,768	\$798,516,978
29	FL	VyStar	\$147,283,856	907	\$2,399,862,544	\$1,303,900	\$230,415,443
30	MD	Andrews	\$144,134,351	652	\$505,940,316	\$112,337,551	\$1,063,852,548
31	FL	Suncoast	\$142,903,622	807	\$2,308,955,048	\$0	\$308,614,069
32	CA	San Diego County	\$140,543,250	337	\$3,514,158,554	\$0	\$608,290,410
33	NC	Coastal	\$138,950,088	684	\$993,717,017	\$41,102,755	\$1,543,533,519
34	NY	State Employees	\$137,869,984	659	\$964,637,960	\$73,754,788	\$1,798,627,267
35	WI	Royal	\$135,524,166	1,435	\$907,537,890	\$43,104,752	\$1,586,635,712
36	CA	Stanford	\$133,014,491	144	\$1,396,697,182	\$8,546,950	\$491,451,827
37	IL	CEFCU	\$126,108,498	453	\$2,428,359,722	\$5,000,000	\$58,317,405
38	PA	American Heritage	\$125,742,912	301	\$683,097,308	\$22,355,123	\$854,273,210
39	IL	BCU	\$121,530,182	699	\$1,268,842,557	\$68,087,517	\$2,151,212,430
40	TN	Eastman	\$120,694,273	1,103	\$2,218,920,547	\$0	\$3,140,582
41	KS	CommunityAmerica	\$119,471,387	578	\$611,408,431	\$75,065,068	\$2,112,680,559
42	WI	University Of Wisconsin	\$117,776,889	602	\$630,661,530	\$77,543,000	\$1,973,631,688
43	WI	Community First	\$117,633,299	782	\$1,794,548,544	\$9,932,250	\$2,368,672
44	IL	Alliant	\$116,122,530	244	\$4,015,970,417	\$10,502,736	\$401,821,163
45	CA	Wescom	\$114,957,008	359	\$1,258,212,711	\$8,733,735	\$1,045,072,498
46	AZ	Desert Financial	\$113,668,048	554	\$788,389,637	\$91,265,554	\$1,818,978,842
47	CA	Redwood	\$113,215,550	286	\$1,529,774,477	\$43,193,400	\$885,301,268
48	NY	United Nations	\$111,269,318	240	\$1,986,325,567	\$6,786,904	\$226,008,322
49	OH	Wright-Patt	\$108,493,147	818	\$962,331,349	\$13,710,099	\$3,998,816,605
50	DC	Bank-Fund Staff	\$108,328,680	218	\$2,325,261,987	\$182,000	\$269,018,150

Top 300 First Mortgage-Granting CUs as of March 31, 2018

Rank	State	Name of Credit Union	\$ Originated 1st Mortgages (Fixed & Adjustable)	# Originated 1st Mortgages (Fixed & Adjustable)	\$ Outstanding 1st Mortgages (Fixed & Adjustable)	\$ Sold 1st Mortgages	RE Loans Sold but Serviced by CU
51	GA	Delta Community	\$106,606,961	428	\$2,020,935,303	\$13,551,711	\$263,640,622
52	CA	Star One	\$104,911,421	213	\$3,225,914,763	\$109,700	\$6,133,417
53	IN	Evansville Teachers	\$101,699,587	702	\$492,308,788	\$57,549,037	\$385,777,239
54	CA	SAFE	\$99,975,567	272	\$1,050,219,975	\$28,008,132	\$731,425,373
55	CA	Chevron	\$98,494,698	276	\$2,313,459,820	\$0	\$10,324,814
56	CA	Mission	\$98,175,461	190	\$1,311,599,369	\$17,771,350	\$965,990,701
57	MA	Metro	\$96,561,058	206	\$660,152,096	\$14,217,087	\$768,401,832
58	NY	CAP COM	\$96,201,789	532	\$850,974,281	\$58,911,612	\$941,779,472
59	UT	Utah Community	\$96,184,838	375	\$327,319,476	\$57,774,916	\$563,219,430
60	MN	Wings Financial	\$92,988,864	395	\$1,624,542,084	\$0	\$307,779,743
61	TX	American Airlines	\$92,847,651	379	\$2,028,733,227	\$0	\$2,838,826
62	CA	Premier America	\$85,377,600	83	\$1,474,835,636	\$21,467,929	\$253,277,232
63	CA	Provident	\$85,191,743	158	\$1,087,100,690	\$25,685,530	\$1,419,876,404
64	NV	Greater Nevada	\$84,979,973	29	\$219,674,381	\$32,201,612	\$570,993,169
65	PA	Members 1st	\$83,724,341	500	\$914,483,263	\$34,209,652	\$75,771,272
66	CO	Bellco	\$82,711,923	193	\$927,823,900	\$24,139,329	\$696,906,551
67	UT	Goldenwest	\$82,575,996	319	\$417,434,045	\$42,893,727	\$4,691,128
68	RI	Navigant	\$82,156,247	362	\$1,195,120,004	\$12,061,550	\$279,657,015
69	TN	ORNL	\$81,464,142	403	\$783,352,788	\$1,567,326	\$470,863,892
70	WA	Numerica	\$79,179,269	309	\$629,610,578	\$21,645,432	\$453,894,314
71	CA	American First	\$78,852,127	91	\$354,298,438	\$44,743,176	\$570,906,338
72	FL	Fairwinds	\$76,997,046	543	\$860,627,672	\$13,318,888	\$257,213,770
73	NV	One Nevada	\$75,662,301	294	\$158,212,389	\$62,854,620	\$122,279,924
74	CA	UNIFY Financial	\$75,343,532	109	\$1,124,000,369	\$10,101,544	\$287,935,459
75	VA	Virginia	\$75,326,604	355	\$849,998,660	\$30,978,427	\$256,979,490
76	MN	TruStone Financial	\$75,198,959	470	\$370,416,994	\$65,744,346	\$855,356,195
77	CA	Financial Partners	\$74,925,108	136	\$526,076,857	\$53,346,920	\$937,726,130
78	OH	General Electric	\$74,245,444	276	\$799,689,371	\$0	\$0
79	TX	TDECU	\$74,065,652	534	\$959,178,953	\$19,514,254	\$555,132,838
80	WA	Spokane Teachers	\$72,095,684	274	\$1,073,307,633	\$1,904,000	\$128,621,286
81	WI	Altra	\$70,484,844	406	\$564,982,864	\$37,074,308	\$955,982,122
82	SC	Founders	\$70,342,079	496	\$834,434,459	\$0	\$0
83	AZ	OneAZ	\$69,897,546	286	\$622,080,948	\$38,580,250	\$856,849,291
84	PA	Police And Fire	\$68,509,953	355	\$1,366,345,833	\$24,267,067	\$696,561,997
85	VT	New England	\$68,487,340	304	\$657,910,396	\$32,148,057	\$1,378,784,537
86	IN	Teachers	\$68,268,038	366	\$1,094,024,839	\$81,818	\$2,409,307
87	CA	California	\$67,795,350	173	\$1,139,648,767	\$30,579,554	\$944,626,708
88	VA	Northwest	\$67,010,208	209	\$747,799,233	\$29,223,663	\$1,495,641,727
89	NJ	Affinity	\$66,304,907	328	\$1,776,721,709	\$119,400	\$125,296,822
90	RI	Pawtucket	\$66,133,362	321	\$1,262,012,001	\$6,098,126	\$197,241,015
91	MD	NASA	\$65,674,208	147	\$588,109,228	\$20,546,253	\$47,282,326
92	NY	Hudson Valley	\$65,219,803	260	\$966,812,918	\$34,529,676	\$1,339,806,796
93	WI	Capital	\$64,820,252	366	\$688,604,856	\$5,257,370	\$187,380,691
94	NC	Local Government	\$64,813,413	518	\$651,119,377	\$31,521,313	\$0
95	TX	Advancial	\$63,943,497	173	\$518,467,195	\$26,006,097	\$467,355,590
96	NY	Visions	\$63,909,970	301	\$1,559,662,132	\$57,500	\$78,938,559
97	CO	Public Service Employees	\$63,509,653	153	\$356,533,992	\$19,428,295	\$399,250,462
98	VA	Apple	\$62,512,265	142	\$1,023,895,629	\$21,062,479	\$486,642,584
99	IN	Purdue	\$59,885,766	690	\$629,953,075	\$21,447,093	\$458,795,941
100	WI	Westconsin	\$58,913,721	330	\$441,871,353	\$24,749,625	\$909,517,230

Top 300 First Mortgage-Granting CUs as of March 31, 2018

Rank	State	Name of Credit Union	\$ Originated 1st Mortgages (Fixed & Adjustable)	# Originated 1st Mortgages (Fixed & Adjustable)	\$ Outstanding 1st Mortgages (Fixed & Adjustable)	\$ Sold 1st Mortgages	RE Loans Sold but Serviced by CU
101	IA	Collins Community	\$57,772,772	314	\$467,669,525	\$18,267,409	\$69,901,855
102	SC	South Carolina	\$57,630,550	231	\$647,071,421	\$11,777,300	\$219,743,381
103	WA	Washington State Employees	\$57,257,494	248	\$627,285,596	\$9,936,725	\$1,060,727,747
104	PA	Pennsylvania State Employees	\$56,996,584	510	\$1,107,647,844	\$0	\$166,323,959
105	OR	Advantis	\$56,977,770	152	\$498,660,820	\$21,114,761	\$909,527,576
106	WA	Whatcom Educational	\$56,953,675	280	\$760,100,773	\$5,027,096	\$447,766,770
107	PA	Citadel	\$56,449,151	160	\$1,370,444,152	\$10,449,257	\$473,945,477
108	NH	Northeast	\$56,151,010	292	\$269,017,499	\$0	\$85,524,042
109	CA	Orange County's	\$55,469,668	157	\$646,852,588	\$38,072,672	\$655,665,412
110	MD	State Employees Credit Union of Maryland	\$54,498,692	235	\$1,378,331,791	\$18,896,000	\$893,536,541
111	WI	Fox Communities	\$53,103,337	429	\$977,361,669	\$3,899,297	\$106,102,075
112	UT	Cyprus	\$52,844,736	170	\$182,422,460	\$15,268,736	\$0
113	WI	CoVantage	\$52,610,517	457	\$711,588,433	\$9,466,655	\$243,974,549
114	CA	Partners	\$52,040,441	162	\$488,516,982	\$33,096,948	\$792,017,709
115	MI	Michigan State University	\$51,945,649	319	\$1,260,699,018	\$3,989,073	\$26,909,163
116	AZ	TruWest	\$51,826,024	115	\$360,055,877	\$6,698,772	\$148,018,725
117	TX	Austin Telco	\$51,824,067	173	\$491,645,925	\$523,585	\$0
118	KY	L & N	\$51,543,285	207	\$693,945,012	\$1,610,801	\$119,155,510
119	PA	TruMark Financial	\$51,418,321	150	\$731,844,845	\$8,555,371	\$528,748,972
120	AL	Redstone	\$50,906,010	352	\$448,583,268	\$27,194,069	\$680,583,851
121	CA	Travis	\$50,616,827	157	\$592,549,486	\$17,929,538	\$454,365,829
122	TN	Ascend	\$50,010,061	239	\$711,538,455	\$0	\$0
123	SC	Sharonview	\$49,700,769	308	\$805,091,807	\$198,100	\$12,448,233
124	CA	USE	\$48,839,472	72	\$354,435,118	\$3,353,700	\$212,612,344
125	IA	Dupaco Community	\$48,717,814	321	\$339,331,047	\$26,034,875	\$701,174,026
126	VA	Langley	\$48,443,763	233	\$564,951,443	\$5,469,732	\$146,297,612
127	NM	Nusenda	\$47,980,295	156	\$587,689,125	\$19,438,146	\$429,148,898
128	WA	Gesa	\$47,879,128	208	\$440,165,172	\$20,664,000	\$413,808,483
129	FL	Campus USA	\$47,692,155	274	\$530,567,201	\$0	\$39,448,438
130	OH	Superior	\$46,996,928	294	\$308,167,242	\$18,090,952	\$752,102,213
131	WI	Educators	\$46,754,930	354	\$917,445,613	\$1,796,113	\$135,897,590
132	CA	Meriwest	\$46,186,679	56	\$609,999,935	\$19,387,400	\$810,216,062
133	MI	United	\$45,900,401	298	\$1,064,241,383	\$31,098,410	\$248,893,623
134	CA	NuVision	\$45,831,950	97	\$665,200,712	\$16,528,400	\$590,918,077
135	MN	Affinity Plus	\$45,664,642	269	\$545,871,662	\$27,477,716	\$1,350,348,602
136	MI	DFCU Financial	\$45,632,950	297	\$556,514,246	\$29,020,037	\$775,496,192
137	IN	Elements Financial	\$45,283,860	190	\$541,692,525	\$12,837,065	\$0
138	CA	Firefighters First	\$45,276,421	133	\$686,245,221	\$6,610,414	\$213,094,854
139	NY	Sunmark	\$45,109,743	270	\$246,967,524	\$24,093,833	\$0
140	NY	Nassau Educators	\$45,034,580	111	\$788,738,274	\$16,974,250	\$464,504,872
141	TX	GECU	\$44,516,687	444	\$478,996,541	\$28,846,375	\$512,266,685
142	IN	Interra	\$44,385,572	172	\$479,685,616	\$2,538,860	\$21,958,877
143	IN	Forum	\$43,586,329	243	\$259,209,907	\$33,036,168	\$907,099,169
144	MA	Jeanne D'Arc	\$42,915,790	103	\$910,052,103	\$19,338,223	\$118,290,836
145	OR	Oregon Community	\$42,490,000	88	\$285,088,282	\$11,131,617	\$0
146	WI	Verve	\$42,189,187	171	\$529,960,816	\$8,314,397	\$248,751,339
147	UT	University	\$42,052,391	290	\$216,737,655	\$19,096,561	\$383,800,950
148	WA	Columbia	\$42,000,614	146	\$456,888,067	\$15,675,600	\$277,644,694
149	NC	Truliant	\$41,945,673	237	\$502,872,275	\$19,814,147	\$20,795,230
150	IN	Indiana Members	\$41,779,783	527	\$528,690,804	\$5,729,368	\$31,320,031



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Top 300 First Mortgage-Granting CUs as of March 31, 2018

Rank	State	Name of Credit Union	\$ Originated 1st Mortgages (Fixed & Adjustable)	# Originated 1st Mortgages (Fixed & Adjustable)	\$ Outstanding 1st Mortgages (Fixed & Adjustable)	\$ Sold 1st Mortgages	RE Loans Sold but Serviced by CU
151	CA	California Coast	\$41,739,938	98	\$707,958,899	\$7,049,655	\$200,028,191
152	NY	Empower	\$40,474,213	200	\$322,666,189	\$21,176,132	\$600,720,702
153	CA	KeyPoint	\$40,337,964	68	\$570,209,161	\$19,873,876	\$317,526,744
154	NM	Sandia Laboratory	\$40,085,340	117	\$651,568,425	\$2,393,000	\$18,348,749
155	NM	U.S. Eagle	\$39,559,902	77	\$210,124,346	\$2,645,073	\$0
156	OR	Unitus Community	\$39,274,226	154	\$339,563,088	\$22,255,355	\$532,298,964
157	MO	Anheuser-Busch Employees'	\$39,132,335	182	\$486,073,212	\$11,489,716	\$388,388,219
158	OR	Rogue	\$39,025,941	196	\$241,192,303	\$17,462,909	\$94,462,092
159	IL	Deere Employees	\$38,931,793	206	\$453,234,257	\$6,582,000	\$0
160	MI	Honor	\$38,562,713	249	\$328,602,118	\$10,927,326	\$311,025,020
161	OR	First Community	\$38,510,720	234	\$432,915,567	\$9,040,262	\$235,926,954
162	WA	Verity	\$38,510,560	89	\$177,042,619	\$3,567,450	\$224,056,615
163	CA	Technology	\$38,002,000	52	\$971,199,564	\$0	\$152,801,307
164	MS	Keesler	\$37,716,973	238	\$527,939,998	\$0	\$18,975,014
165	MA	Rockland	\$37,675,027	96	\$557,370,739	\$4,150,660	\$193,786,468
166	HI	Hawaii State	\$37,587,960	81	\$272,346,115	\$24,006,300	\$228,225,849
167	NY	USAlliance Financial	\$37,538,785	58	\$494,228,296	\$1,047,321	\$183,726,731
168	FL	Space Coast	\$37,234,547	220	\$669,461,922	\$24,437,389	\$794,567,278
169	NY	ESL	\$37,030,760	210	\$549,961,575	\$24,197,033	\$1,038,594,133
170	FL	GTE Financial	\$36,899,945	184	\$538,996,994	\$16,564,548	\$1,341,623,258
171	CO	Premier Members	\$36,757,915	80	\$358,434,298	\$2,638,325	\$146,979,309
172	MN	Spire	\$36,482,702	236	\$369,208,069	\$10,038,204	\$0
173	TX	Navy Army Community	\$36,324,124	286	\$989,493,910	\$0	\$7,035,651
174	GA	Atlanta Postal	\$36,291,781	123	\$427,295,846	\$0	\$0
175	UT	Deseret First	\$36,087,318	158	\$146,591,519	\$29,289,125	\$0
176	CA	San Mateo	\$35,561,941	64	\$396,185,077	\$6,057,036	\$60,363,396
177	MN	Central Minnesota	\$35,362,133	173	\$465,733,183	\$12,826,479	\$247,480,692
178	MT	Whitefish	\$35,289,662	160	\$740,763,870	\$0	\$0
179	CA	Ventura County	\$35,237,389	49	\$273,727,175	\$1,753,900	\$74,594,509
180	CO	Westerra	\$35,212,804	119	\$398,796,827	\$10,486,947	\$394,580,017
181	OR	Maps	\$35,122,018	263	\$294,988,707	\$9,830,206	\$0
182	MO	First Community	\$34,568,964	210	\$372,714,209	\$13,865,947	\$570,221,118
183	WA	Sound	\$34,181,093	121	\$357,247,840	\$15,587,947	\$0
184	MI	Michigan Schools and Government	\$34,130,767	193	\$589,174,100	\$2,076,234	\$46,560,819
185	MA	Workers	\$33,810,748	65	\$630,814,046	\$5,228,242	\$202,789,408
186	PA	Freedom	\$33,718,747	129	\$285,864,050	\$2,998,592	\$79,026,700
187	IN	Indiana University	\$33,213,508	162	\$460,592,963	\$1,612,150	\$6,163,592
188	WA	TwinStar	\$33,161,885	152	\$173,153,036	\$16,800,086	\$383,085,647
189	GA	Georgia's Own	\$32,598,562	120	\$542,320,661	\$8,546,614	\$156,043,900
190	FL	MidFlorida	\$32,570,496	235	\$816,746,473	\$34,166,380	\$704,871,868
191	NC	Allegacy	\$32,317,354	195	\$304,699,734	\$12,104,154	\$195,240,462
192	NY	Municipal	\$31,364,916	114	\$822,363,366	\$0	\$21,780,748
193	CA	First Entertainment	\$31,336,117	102	\$508,785,342	\$2,003,978	\$106,996,376
194	NY	Polish & Slavic	\$31,210,450	128	\$871,860,732	\$0	\$60,539,434
195	TX	Texans	\$31,206,641	163	\$354,732,657	\$2,564,807	\$0
196	CA	Point Loma	\$30,914,102	39	\$253,211,634	\$0	\$32,227,115
197	NH	St. Mary's Bank	\$30,739,801	148	\$318,673,808	\$17,012,533	\$550,743,196
198	ID	Potlatch No 1	\$30,698,539	109	\$227,017,297	\$947,005	\$318,244,644
199	IN	Centra	\$30,468,309	130	\$417,975,911	\$4,818,922	\$173,254,649
200	AL	APCO Employees	\$30,254,781	163	\$586,941,980	\$0	\$0

Top 300 First Mortgage-Granting CUs as of March 31, 2018

Rank	State	Name of Credit Union	\$ Originated 1st Mortgages (Fixed & Adjustable)	# Originated 1st Mortgages (Fixed & Adjustable)	\$ Outstanding 1st Mortgages (Fixed & Adjustable)	\$ Sold 1st Mortgages	RE Loans Sold but Serviced by CU
201	CA	Pacific Service	\$29,811,358	105	\$276,803,606	\$4,423,505	\$0
202	CA	Schools Financial	\$29,715,696	165	\$273,040,928	\$6,969,700	\$174,604,113
203	IN	3Rivers	\$29,473,226	100	\$311,298,892	\$19,595,770	\$383,484,879
204	TN	Knoxville TVA Employees	\$29,371,185	240	\$542,765,450	\$1,760,472	\$0
205	CT	American Eagle Financial	\$29,310,222	141	\$597,652,078	\$0	\$364,766,640
206	OH	KEMBA Financial	\$29,171,235	177	\$303,865,214	\$1,439,883	\$39,508,056
207	TX	Texas Tech	\$29,124,516	161	\$29,566,155	\$28,555,966	\$0
208	MI	Advia	\$29,043,525	179	\$603,030,833	\$3,216,966	\$0
209	KY	Park Community	\$28,947,048	159	\$257,304,883	\$0	\$0
210	WA	Harborstone	\$28,810,832	74	\$395,402,238	\$0	\$88,410,916
211	AK	Denali	\$28,625,821	106	\$79,409,724	\$20,428,422	\$82,722,780
212	WA	iQ	\$28,399,665	29	\$228,871,475	\$16,466,522	\$167,846,287
213	IL	Vibrant	\$27,826,394	222	\$238,024,615	\$8,011,885	\$231,868,243
214	CT	Charter Oak	\$27,733,258	154	\$595,616,581	\$3,178,768	\$173,571,247
215	TX	FirstLight	\$27,557,543	117	\$351,401,032	\$615,000	\$71,592,813
216	VA	Dupont Community	\$27,305,256	147	\$513,930,747	\$3,214,167	\$64,837,550
217	WI	Westby Co-op	\$26,988,127	177	\$211,723,757	\$5,251,661	\$145,930,525
218	CA	CoastHills	\$26,895,694	117	\$416,851,396	\$1,182,420	\$75,069,301
219	MA	St. Anne's Of Fall River	\$26,796,346	70	\$543,904,044	\$6,117,150	\$323,726,819
220	MI	Lake Trust	\$26,781,855	109	\$573,129,972	\$0	\$8,814,910
221	HI	Hawaiian Tel	\$26,760,350	65	\$267,970,008	\$3,580,150	\$0
222	TX	A+	\$26,734,888	171	\$447,109,526	\$0	\$0
223	IN	Notre Dame	\$26,701,332	148	\$208,011,176	\$0	\$196,974,949
224	ND	Town and Country	\$26,589,420	128	\$154,701,017	\$15,287,297	\$21,835,487
225	TX	Amplify	\$26,555,191	202	\$284,926,611	\$8,816,788	\$97,839,062
226	CA	Credit Union of Southern California	\$26,405,195	65	\$418,698,017	\$119,000	\$253,132,800
227	NY	AmeriCU	\$26,285,998	182	\$534,312,847	\$5,450,208	\$284,079,389
228	MI	Dow Chemical Employees	\$25,877,813	184	\$422,012,444	\$3,591,869	\$60,023,374
229	OH	Seven Seventeen	\$25,864,267	160	\$399,516,380	\$760,253	\$3,779,335
230	OK	Truity	\$25,715,042	125	\$165,177,273	\$20,463,800	\$619,646,015
231	MD	Tower	\$25,330,082	100	\$413,003,654	\$15,378,246	\$1,051,290,184
232	NC	Self-Help	\$25,135,336	163	\$807,517,200	\$0	\$0
233	AL	Avadian	\$25,040,248	113	\$187,417,460	\$11,946,289	\$70,493,320
234	NH	Service	\$25,039,120	108	\$853,178,714	\$0	\$0
235	SC	SRP	\$25,008,315	180	\$168,158,833	\$12,740,857	\$0
236	NY	Corning	\$24,845,478	140	\$393,405,592	\$6,771,195	\$335,257,556
237	GA	Robins Financial	\$24,717,740	188	\$353,942,631	\$12,013,978	\$308,754,231
238	MN	Members Cooperative	\$24,656,064	122	\$205,576,909	\$3,178,689	\$0
239	FL	Achieva	\$24,609,843	109	\$312,927,075	\$9,211,081	\$251,335,394
240	AL	MAX	\$24,543,533	69	\$288,343,164	\$4,182,707	\$140,704,385
241	MD	National Institutes of Health	\$24,482,000	59	\$204,022,153	\$5,748,350	\$261,042,525
242	TX	First Community	\$24,439,016	82	\$373,230,501	\$598,190	\$78,341,848
243	UT	Utah First	\$24,187,368	80	\$126,568,724	\$8,523,904	\$0
244	MI	Community Choice	\$23,770,300	116	\$257,988,648	\$0	\$10,370,627
245	NE	Liberty First	\$23,761,714	148	\$87,686,167	\$18,776,199	\$0
246	WI	Blackhawk Community	\$23,568,652	135	\$165,648,306	\$5,151,400	\$275,272,666
247	IL	Consumers	\$23,208,809	121	\$226,390,247	\$19,753,200	\$336,585,164
248	PA	Franklin Mint	\$22,894,595	91	\$331,118,055	\$2,590,266	\$449,379,153
249	MD	Signal Financial	\$22,779,340	47	\$235,714,570	\$578,977	\$30,917,266
250	MI	Consumers	\$22,738,182	145	\$295,382,679	\$12,059,435	\$272,241,790

Top 300 First Mortgage-Granting CUs as of March 31, 2018

Rank	State	Name of Credit Union	\$ Originated 1st Mortgages (Fixed & Adjustable)	# Originated 1st Mortgages (Fixed & Adjustable)	\$ Outstanding 1st Mortgages (Fixed & Adjustable)	\$ Sold 1st Mortgages	RE Loans Sold but Serviced by CU
251	TX	United Heritage	\$22,667,332	100	\$330,522,301	\$12,854,086	\$947,041
252	WA	Solarity	\$22,479,469	107	\$234,847,561	\$4,960,950	\$260,982,935
253	HI	HawaiiUSA	\$21,970,130	30	\$337,708,078	\$0	\$2,651,117
254	MT	Missoula	\$21,675,233	79	\$99,213,312	\$9,576,366	\$257,486,386
255	CA	Los Angeles Police	\$21,627,085	67	\$314,822,801	\$13,471,140	\$227,183,926
256	MI	Genisys	\$21,187,157	136	\$447,018,856	\$2,396,471	\$71,514,172
257	CA	XCEED Financial	\$21,175,600	58	\$389,787,846	\$15,623,126	\$398,200,969
258	IA	Community 1st	\$21,073,879	125	\$310,848,361	\$5,551,787	\$0
259	MI	Arbor Financial	\$20,977,967	121	\$263,905,144	\$5,961,712	\$144,638,849
260	IL	Scott	\$20,824,493	135	\$183,033,418	\$2,179,776	\$49,812,470
261	OR	Rivermark Community	\$20,822,240	88	\$180,975,772	\$8,728,513	\$263,587,486
262	CA	SF Fire	\$20,774,750	46	\$444,521,268	\$0	\$288,388,480
263	CA	Bay	\$20,773,450	62	\$182,832,081	\$10,770,250	\$358,600,949
264	IN	Beacon	\$20,709,629	107	\$741,233,100	\$0	\$0
265	KS	Credit Union Of America	\$20,687,800	157	\$156,858,306	\$9,206,000	\$0
266	OR	Oregon State	\$20,603,529	83	\$253,931,245	\$6,381,359	\$249,902,754
267	VA	State Department	\$20,467,140	65	\$593,859,214	\$0	\$144,038,535
268	WI	Marine	\$20,379,645	406	\$342,051,415	\$4,772,305	\$717,903
269	AR	Arkansas	\$20,347,034	152	\$276,319,154	\$8,184,758	\$112,329,989
270	PA	Philadelphia	\$20,262,128	94	\$305,318,358	\$5,786,894	\$146,073,196
271	FL	Grow Financial	\$20,116,948	105	\$520,679,084	\$0	\$189,019,267
272	WI	Thrivent	\$20,054,787	108	\$238,603,040	\$9,102,402	\$353,919,598
273	MA	Harvard University Employees	\$19,976,751	59	\$332,898,649	\$5,151,814	\$322,867,321
274	WA	Qualstar	\$19,884,281	103	\$102,680,476	\$7,652,602	\$292,234,406
275	SD	Black Hills	\$19,823,659	104	\$411,092,700	\$3,167,966	\$0
276	TX	Shell	\$19,698,742	152	\$215,621,065	\$5,094,435	\$143,083,933
277	TN	Tennessee Valley	\$19,696,469	118	\$284,437,132	\$4,333,280	\$0
278	IL	Great Lakes	\$19,521,712	43	\$209,910,656	\$4,471,444	\$260,537,495
279	MA	Hanscom	\$19,428,215	77	\$222,617,712	\$18,098,770	\$351,792,001
280	CA	Southland	\$19,116,104	45	\$226,772,981	\$6,735,500	\$205,192,075
281	MO	Gateway Metro	\$19,061,959	63	\$74,572,772	\$785,743	\$10,462,078
282	IA	Community Choice	\$18,902,175	157	\$108,025,326	\$9,863,753	\$0
283	IL	Andigo	\$18,854,383	73	\$365,180,194	\$2,381,900	\$164,855,577
284	TX	Red River Employees	\$18,844,233	75	\$202,293,008	\$2,117,209	\$1,343,855
285	CA	Kern Schools	\$18,794,141	79	\$578,909,342	\$3,790,359	\$155,268,335
286	DC	Congressional	\$18,776,131	54	\$288,674,749	\$3,485,100	\$70,294,719
287	ID	Beehive	\$18,740,819	552	\$103,241,172	\$7,549,592	\$0
288	MI	Community Financial	\$18,716,772	102	\$316,321,973	\$6,558,313	\$312,258,503
289	MA	Align	\$18,712,200	55	\$265,107,169	\$6,209,788	\$223,365,708
290	CA	Northrop Grumman	\$18,616,435	40	\$299,518,214	\$0	\$42,936,076
291	FL	IBM Southeast Employees	\$18,497,037	88	\$340,737,556	\$3,712,123	\$364,736,779
292	MA	GFA	\$18,443,546	39	\$174,829,946	\$156,000	\$24,257,916
293	NE	Centris	\$18,315,691	107	\$209,570,481	\$11,100,863	\$375,568,293
294	FL	CFE	\$18,263,570	103	\$422,456,122	\$167,200	\$22,140,727
295	FL	Pen Air	\$18,170,965	89	\$255,980,069	\$7,969,835	\$39,132,095
296	NY	First Source	\$18,124,184	190	\$223,162,804	\$4,344,761	\$36,069,504
297	CO	Air Academy	\$18,120,548	85	\$208,186,241	\$4,201,504	\$0
298	OK	WEOKIE	\$17,996,451	101	\$350,053,720	\$3,693,120	\$148,364,435
299	CO	Credit Union Of Colorado	\$17,809,266	103	\$299,198,852	\$4,187,600	\$201,683,281
300	VT	Vermont State Employees	\$17,805,380	125	\$381,098,630	\$8,583,626	\$333,315,696



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RADIAN

Tracy Ashfield



Opportunities and Challenges

There has been so much talk about rising rates, evaporating refinances and purchase money strategies. If only that was all the news!

As you read through the articles on the preceding pages of this issue, you will see that the mortgage banking business is full of opportunities as well as challenges.

From where I sit the opportunities look exciting, but taking advantage of them requires time and effort. For example, we still have a good-sized pool of homebuyers, but they are a diverse group: male and female, young and old, multicultural and with varying needs that often require different products.

Much of the talk is about reaching millennials, the biggest slice of the homebuying pie. But what about the single female homeowner in her 50s? Or the retiree looking to downsize? Or the Hispanic family looking for its first home? Are the product and marketing strategies the same for these groups?

No matter how you answer, the fact remains that mortgage loan originators need to be on their toes more than ever these days to grow business. That's how this issue of the *Pipeline* can help: There are lots of great ideas within its pages.

Downpayments: We've looked at various downpayment assistance programs. They represent another piece of the homebuyers' puzzle that loan originators need to consider more

carefully. It's a reminder that MLOs can't just be skilled at "talking" loan applications; they need to be homeownership and housing resources. Once again, MLOs: get on your toes!

ADDITIONAL FACTORS

Servicing: Our reach also needs to stretch beyond origination strategies to consideration of various servicing models. You begin a relationship with your member during the origination process, but that spans at most 30 to 90 days. What about the following 15 or 30 years?

As you read this issue, you will find many servicing options, but you need to choose the path that is right for your credit union.

Thankfully, many members will never have a servicing issue over the life of their loan but if they do, they need it resolved quickly and efficiently.

Servicing is a business onto itself. The good news is credit unions have options. There isn't one right way.

Technology: Let's not forget all the technological advances and the push to automate processes that have long

since been manual. Remember when all we needed to originate a loan was a good loan origination system? (Admittedly, for my first few years in the business all I needed was an IBM Selectric typewriter and a fax machine. But I digress ...)

Today our LOS systems are only a part of what we need. A good point of sale system is critical. We need seamless integration with the host of solution providers that help do everything from fraud prevention to automated verifications and valuations. And the list goes on.

Regulation: The burden of compliance has reached unprecedented levels over the past few years, too. Housing reform and regulatory relief remain hot topics in Washington—ones that deserve your attention.

Don't sit on the sidelines. Get your voice heard and make sure you take advocacy seriously. Don't assume someone else will speak for you. What if everyone did that? Think about it.

GET OUT OF THE OFFICE

As I work with credit unions I watch them wrestle with everything from big picture strategies to managing the complexity of compensation issues. It's not an easy business.

What helps? Take the advice of ACUMA Board Member Tim Mislansky, who is also the President & CEO of myCU mortgage: Get out of your credit union, attend relevant educational events, network with your peers and hear from industry experts. ACUMA events are a great place to start.

Tracy Ashfield is president of Ashfield & Associates, a consulting and training business that assists credit unions with mortgage lending. She has also worked with NCUA and NASCUS to provide training and education on residential mortgage lending for examiners and regulators, and with ACUMA.

“Don't sit on the sidelines. Get your voice heard and make sure you take advocacy seriously.”



Servicing is a business onto itself. The good news is credit unions have options. There isn't one right way.



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Yes, the time is now for Takin' It to the Street. That's the theme of this year's annual ACUMA Conference. We've built a program around making connections, collaborating, creating new ways of doing business, including a Digital Mortgage Showcase.

You'll hear from industry leaders such as Michael Fratantoni (MBA), Guy Messick (NACUSO) and Courtney Angeley (Filene). You'll also get great ideas from innovators like Luke Williams (disrupters), Ruth Sherman (communication) and Scott Stratten (branding and relationships).

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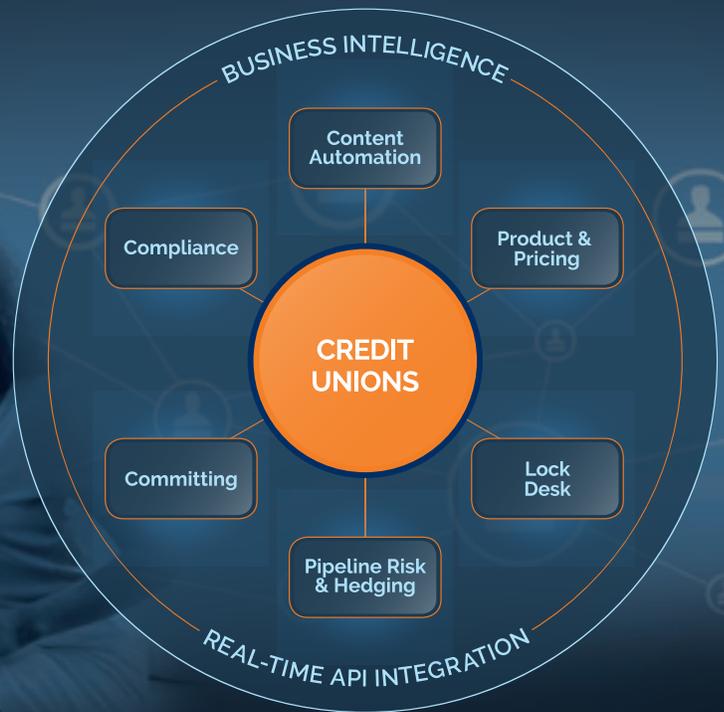
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– Jeff Klein, AVP of Real Estate Lending
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