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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 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

'They Work Hard for Their Money'

Ideas for CU Mortgage Growth Flowing from the NAR Convention

By Bob Dorsa

*She works hard for the money
So hard for it, honey
She works hard for the money
So you better treat her right*

– Donna Summer

“She Works Hard for the Money”

One of the Realtors® I spoke with at last fall’s National Association of Realtors (NAR) Expo in Boston mentioned that she worked hard for her commission.

It reminded me of the 1970s hit song from disco queen Donna Summer.

I think “They Work Hard for Their Money” would qualify as an accurate description of Realtors, no matter who they are or where they are located. They work long hours, including nights and weekends, for perhaps one or two sales a month. And according to recent studies, homebuyers still rely on Realtors for help, despite beginning their searches online.

Continuing with the paraphrased lyrics, I also feel the last line of the disco song’s verse, “so we better treat them right,” is important for credit union mortgage lenders to remember.

ACUMA-NAR RELATIONSHIP

For the 16th consecutive year, ACUMA has facilitated an exhibit at the Annual NAR Convention and Expo,

building on the evidence that many consumers are, frankly, tired of the traditional banking model (especially regarding home loans) and perhaps even a bit frightened by the other non-bank alternatives.

Mixing with the world of Realtors each fall—about 20,000 of them attend the annual gathering, held at different locations across the country each year—has produced some indelible opportunities when it comes to functioning in a real purchase money market.

I read recently that refinance volume is nearly at its lowest point since the early 2000s. Yes, we all know rates have been very low since the recession and housing crash that began in 2008, but some of you may also remember the climate in the years before that bubble burst when lending was robust and home prices were skyrocketing.

The credit union marketplace has benefited from the last decade of refi mania. In many ways it’s been music to our ears with an increasing share of mortgage originations. However, I think it is safe to add, with a nod to the Rolling Stones, “but it’s all over now.”

So, where do we go from here?

I would like to share some ideas that have been percolating in my mind about how credit unions can work with Realtors to grow the mortgage business.

First, in conversations with agents and brokers, I have heard hundreds of them say they are members of credit unions. I have asked the question for



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



ACUMA President Bob Dorsa (left, wearing glasses) holds a conversation with a Realtor at the Credit Union Exhibit at the 2018 National Association of Realtors Conference.

at least 20 years: How can a CU determine which of its members are Realtors? So far, no one has been able to tell me how to do that.

I get it. In my younger days when I worked for credit unions, there was nowhere in the member's account profile to list occupation. In hindsight, I think that would be a data point worth having.

BUILD A LIST OF LOCAL REALTORS

I do know of one ACUMA credit union that has been building a database of Realtors, simply from recording the information from agents listed on documents from loans that have been closed in the past few years. That may take a while, but it's a good and relatively easy way to start.

Of course, for the list to bring you any value, you must use it.

You should be proactive with agents and brokers through email campaigns, social media and perhaps even (RESPA-compliant) contests. For example, to add to the list, place a note in your credit union's magazine or through social media offering a "special gift" for members who come in to one of your offices and identify themselves as Realtors. (A \$20 Gift card from Starbucks will go a long way.)

The list can be leveraged for an ongoing program to become more well-known as a mortgage lender in your community, as well as to scout for new lending opportunities.

GET TO KNOW LOCAL REALTORS

As credit unions, we need to do more to establish working relationships with Realtors. Case in point: When I have asked Realtors whether anyone from their local credit unions has visited their office for a meet-and-greet (with or without doughnuts), I have received an emphatic "no" in response to my question. If you haven't reached out to Realtors, you're missing a great opportunity to build a relationship.

It's important to select the right people to handle the meet-and-greet at the Realtor's office. I spoke recently with a CU leader who could not identify anyone in her organization that would be able to successfully pull off a Realtor meet-and-greet. If that's the case, you need to train the people who would be able to take that assignment.

I suspect your loan originators are the correct people for this training. They have a sales mentality along with the knowledge and experience to do the job right.

Perhaps you could even cross-sell the concept of attempting to add the broker's office as a SEG of a CU. Imagine having the top real-estate brokerage firms in your community as member organizations of your credit union.

RECRUIT REALTORS AS MEMBERS

In any case, encourage Realtors to join your credit union. Sell them on the value of membership and the many ways CUs help members become homeowners.

As Realtors become credit union members, they will discover for themselves how the cooperative experience differs from other financial institutions. This would be a great way to allow the agents to suggest you as a lender to their clients from a position of personal engagement.

I have dozens of video clips from the NAR convention of Realtors who love their credit union. And I returned from the 2018 convention with a dozen "thank you" comments from Realtors who visited our exhibit. I have shared those leads with our ACUMA members: As a nonprofit, that's what ACUMA does, and "we work hard for our money," too!

While ACUMA has exhibited in



Many consumers are, frankly, tired of the traditional banking model (especially regarding home loans) and perhaps even a bit frightened by the other non-bank alternatives.



front of the nation's Realtors for 16 years, we have been able to move the needle just a bit. The balance of the heavy lifting needs to be done locally.

The fact is that the "easy life" of refi's is finished, and you'll have to "work hard for your (purchase) money" in the foreseeable future. If that sends chills up your spine, you need to re-evaluate your resources and embrace the future. And that includes building bridges between credit unions and Realtors.

TOP THREE INITIATIVES

Here's a quick recap of the Top Three 2019 Initiatives for Realtor Engagement:

- 1 Make and maintain a list of every Realtor you have contact with.** Use the list in marketing campaigns, social media and other initiatives. Your efforts will get you closer to your Realtor network and can benefit you immensely.
- 2 Create an Outreach Program for Realtors in your marketplace.** Start with job descriptions of your employees and identify the required skill set and the kinds of people, including your existing LOs, who should be trained to carry out the program, a critical task for finding loans in 2019 and beyond.
- 3 Create a strategy to add Realtor Broker offices or companies on your SEG hit list.** Set a goal for adding as many Realtors as possible to your FOM. (For the most part, FOM issues should not be an impediment.)

Can you see a marketplace where local, CU Members/Realtors (agents and brokers) are bringing consumers to your CU as new members? Many Members/Realtors may also recommend your CU for a qualified Purchase Money loan.

I can see that. Can you?





**A MESSAGE FROM
ACUMA BOARD**

Alissa Sykes

ACUMA Provides Opportunities for Professional Development

Education and Networking in a Cooperative Atmosphere

By Alissa Sykes

As an incoming board member, I am honored to share with you my journey with ACUMA. It's been a very positive experience, and one I'd recommend to any mortgage-granting credit union.

I attended my first ACUMA conference in 2006 on a recommendation from CMGMI (now ARCH Mortgage Insurance). Coming from a background in the banking industry, I was blown away by the amount of cooperation I was seeing and hearing. This isn't the way we operated as banks.

At ACUMA, I saw that everyone wanted to help each other. Credit unions were sharing best practices, ideas, struggles—anything, really, that would help grow the market share for ALL credit unions. Like credit unions, ACUMA was (and remains) a cooperative atmosphere.

Prior to ACUMA, I had never attended a conference that was solely focused on mortgage. The speakers—many from credit unions but not all, and some even from outside the mortgage industry—were knowl-

edgeable and shared so many good ideas around originations, process and compliance, for instance.

Well, it really worked for me. I have attended every ACUMA annual conference since except for 2007 when I was

VERY pregnant with my second son.

I learned so many valuable strategies at the conference. Every year that I attended I would take something back to my credit union and implement it—whether it involved a vendor I had met, a process that I was looking to improve, or an overall structure/department change.

EXPANDED NETWORK

ACUMA has also expanded my professional network greatly. Along the way I have met amazing people whom I am able to call friends and colleagues. They are real mentors/experts in the mortgage lending space—ones that I look forward to seeing and catching up with every year.

My credit union, Sunmark FCU, has seen a significant growth in mortgage volume since I have become an ACUMA member, too. That's no coincidence.

When I started with the credit union in 2006 (the year I first attend-



ed an ACUMA conference), Sunmark was closing less than \$20 million in mortgage loans per year, and we had four employees in the mortgage area.

Fast forward 14 years: Now we have more than 30 employees and, at one point, we closed in excess of \$240 million in one year. And we made that number when we were only a \$400 million-asset credit union.

GROWTH AS A LEADER

I also credit ACUMA with helping me grow as a leader. I started with the credit union as the mortgage manager. I have been lucky enough to be promoted many times, most recently to the SVP/CLO role. I now oversee all aspects of lending, business development and card services. So I need ACUMA's help more than ever.

I love that ACUMA added regional

conferences ("deep-dive workshops") a few years ago. The smaller group forum allows attendees to dig in deeper into the many challenges we all face and allows that conversations to be more market-specific.

I am happy that with Sunmark's mortgage growth, I am able to share my ACUMA experience with other team members. I try to bring two or three Sunmark employees (not limited to our mortgage shop) to the conferences every year. For example, our EVP/CFO has attended and found it very valuable.

I have had the pleasure of sharing some of

Sunmark's successes at the ACUMA events, too, by speaking at both the annual conference and regional workshops.

That experience has allowed me to



ACUMA has expanded my professional network greatly. Along the way I have met amazing people whom I am able to call friends and colleagues.



give back to my peers and ACUMA members with shared knowledge on strategies and tactics to help members and grow credit union lending programs.

Now, as a member of the governing ACUMA board, I look forward to helping make our non-profit association even more beneficial for our members.



Alissa Sykes is Senior Vice President & Chief Lending Officer of Sunmark Federal Credit Union, where she oversees all aspects of lending including mortgage, home equity, consumer and business lending, loan servicing and collections. She has worked in financial services for nearly 20 years and has been with Sunmark for 12 years. Sykes regularly mentors smaller credit unions who need assistance keeping up with the swift pace of regulation changes, or ideas to expand impact. Recently, she has worked to offer Sunmark's back-office home equity services to credit unions who, due to their size, cannot afford the processing expense.

■ WHAT DOES THE ACCUMA BOARD DO?

It Provides Guidance for the Non-Profit Association

ACUMA is a non-profit association dedicated to advancing mortgage lending within the credit union space. The ACUMA Board of Directors sets governance for the association and provides guidance to the ACUMA President.

A Board Member serves a three-year term. Terms are staggered. The current Board has seven members. The Board Members are volunteers who have a strong desire to give back to the Credit Union industry and receive no compensation.

Officers of the Board (Chair, Vice Chair, Treasurer and Secretary) are selected by the entire Board at the Organizational Meeting following the Annual Meeting of the membership, normally held in September of each year in conjunction with the annual Fall Conference.

The time commit-

ment for a Board Member includes conference calls as needed and two in-person meetings each year, including a planning session and the Organizational Meeting, and attending ACUMA conferences. In addition they may also serve on standing or ad-hoc committees, and participate in occasional special projects.



WHO IS ELIGIBLE FOR A BOARD SEAT?

To be eligible for a Board position, you must:

- Be a member of ACUMA's Primary Member Organizations (CUs and CUSOs).
- Serve as an employee of a Primary Member Organization.
- Accept ACUMA's policies and rules of governance.
- Have the support of your own credit union for serving on the board.

When openings for the Board of Directors become available, ACUMA would welcome interested candidates. Openings will be communicated to ACUMA members through our website and the *Pipeline* magazine.

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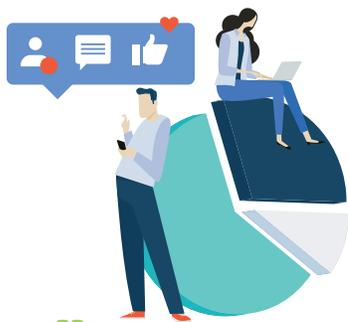
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COMPLIANCE CHALLENGES

Kris Kully

What is the Right Size for Compliance?

With Changes in D.C., Now May Be the Time for Credit Unions to Focus on Compliance Infrastructure

By Kris Kully

With all the changes in Washington, D.C. over the past two years, it is reasonable for credit unions to consider whether they can rebalance their priorities.

It feels like compliance with onerous and confusing consumer protection laws has played an outsized role for all mortgage lenders. The onslaught of dozens of new regulations and the fierce and unpredictable enforcement actions caused constant stress and sucked up valuable time and resources.

While everyone agrees compliance is important, credit unions have many competing priorities, like serving members' needs, maintaining safety and soundness, and fostering growth.

Can credit unions finally “right-size” our compliance efforts?

MORE CHANGE AT THE CFPB

There certainly are signs of change at the “new” Consumer Financial Protection Bureau (CFPB). As of December 2018, the CFPB is under new leadership (again), but conventional

wisdom predicts that new Director Kathy Kraninger will largely mimic her predecessor (Acting Director Mick Mulvaney) in declining to use aggressive enforcement actions to push legal boundaries. She has em-

phasized that under her leadership, the agency will prioritize cost/benefit analyses, signaling a careful, balanced approach.

Still, Kraninger promises the CFPB will “vigorously enforce the law,” and it has recently finalized some large enforcement actions inherited from the prior administration. Also, recent anecdotal evidence shows the CFPB is still citing mortgage lenders for alleged violations, particularly regarding the inimical regulations for loan originator compensation (LO Comp), and the complex requirements for TILA/RESPA Integrated Disclosures (TRID).



Since those agency findings do not always result in public enforcement actions, silence does not mean complacency!

BALANCE SOUGHT AT NCUA

The National Credit Union Administration (NCUA) similarly seems to be in a right-sizing mode, looking for ways to provide credit unions with much-needed regulatory and examination relief while still upholding risk management and safety/soundness principles.

The agency reports, though, that it will lean hard on compliance, including in the near future on the new Home Mortgage Disclosure Act (HMDA) reporting requirements. (The NCUA also will reportedly focus on some nonmortgage topics, including cybersecurity, the Bank Secrecy Act, Regulation E (regarding electronic/preauthorized account transfers) and the Military Lending Act.)

Aside from those stated priorities, reports continue to circulate that the NCUA is actively pursuing alleged violations of TRID, LO Comp, and fair lending requirements, among others.

The new year also may be ripe for scrutiny under the Real Estate Settlement Procedures Act (RESPA). By most reports, 2019 will continue to be a challenging environment for mortgage lending. Those economic challenges often lead to creativity--innovative marketing ideas and outreach to new partners as possible sources of business (real estate agents, builders, or other affinity relationships).

While the CFPB suffered a loss in the courts last year regarding its expansive RESPA interpretation, the statute (and its state counterparts) still prohibit payments to referral sources except for goods or services provided, among other prohibitions, and its applicability can be counterintuitive.

A careful compliance review of any new proposed marketing agreements or other arrangements is critical.

STATES MAY STEP UP COMPLIANCE

Compliance blows do not just come from regulatory agencies. Perhaps sensing that the CFPB (and the U.S. Department of Housing and Urban Development) may be stepping back from vigorous fair lending enforcement, a group of Democratic state attorneys general (AG) promised they will not hesitate to protect their citizens from lending discrimination. While Democrats picked up additional AG seats in the last election, even certain Republican AGs have stated that they never waited on the CFPB when consumer protection was needed.



While everyone agrees compliance is important, credit unions have many competing priorities, like serving members' needs, maintaining safety and soundness, and fostering growth.



State AGs can enforce many state and federal consumer financial protection requirements, including fair lending and LO Comp violations, as well as prohibitions against unfair, deceptive, or abusive acts or practices (UDAAP).

Private plaintiffs, including consumer advocacy groups, also can file court actions alleging violations of fair lending requirements (among other requirements, like the LO Comp Rule).

While credit unions can only lend to their field of membership, they may not be immune from the costs (and reputation risk) of fighting a fair lending challenge.

REQUIREMENTS AND RISK REMAIN

Accordingly, while things in Washington may have changed, none of the myriad requirements for mortgage

lenders have gone away, and compliance risk still exists. Plus, agencies often reach back several years when searching for violations, so letting your guard down now could come back to haunt your credit union later if and when Washington's regulatory climate changes.



While things in Washington may have changed, none of the myriad requirements for mortgage lenders have gone away, and compliance risk still exists.



Instead of downsizing compliance efforts altogether, now may be a great time for credit unions to focus on compliance infrastructure. Regulators are increasingly looking not just at whether a credit union has complied, but whether it has a compliance management system that ensures it can and will comply.

Developing written consumer-related compliance policies and procedures that are approved by the board and accessible to applicable personnel is a big

task, but one that will pay off when the next exam approaches.

Including compliance in the credit union's risk assessments and quality control and audit plans also is critical.

The credit union also should incorporate compliance principles into its vendor management policy and in analyzing any complaints from members or others. Compliance also should be an important part of employee training, both for new hires and periodically, including for managers and executives. ▲

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.



John J. McKechnie

Changes in Washington Could Also Bring Opportunities

By John J. McKechnie

The Chinese word for “change” is comprised of 2 characters: one is danger and the other, opportunity.

In looking ahead to the 2019 playing field in Washington, this seems like an appropriate place to start when looking at the opportunities triggered by the changes that will occur on Capitol Hill and in the Administration.

THE NEXT CONGRESS

The most obvious difference in the next Congress will be the new Democratic House majority that takes control January 3. Under the leadership of incoming House Financial Services Committee Chairwoman Maxine Waters (D-CA), housing issues will principally be viewed through the prism of “affordable housing”—the function of the federal government that provides housing to people of modest means.

In two different public speeches since the November elections, Congresswoman Waters has laid out a vision that includes more federal funding for public housing and hinted that any form of GSE reform would include an expansion of Fannie/Fred-

die/FHLB contributions to affordable housing grant programs administered by FHA and the Federal Housing Finance Agency (FHFA).

Also, of specific interest to credit unions is the introduction of sweeping Affordable Housing legislation in both the House and Senate that would, among other things, subject credit unions to the Community Reinvestment Act (CRA).

This would be controversial, given the 40-plus-year history of credit unions being exempt from the regulation. Look for House to hold hearings on CRA that specifically push back against Trump administration proposals to weaken CRA and allow banks more latitude in complying with it.

One issue that seems to always be on the cusp of being addressed, yet always stays off the congressional agenda, is GSE reform. Since the federal government took control of Fannie and Freddie in the fall of 2008, Congress has paid lip service to the notion of ending the GSE conservatorships and finding a new model that accentuates private capital and minimizes taxpayer risk.



The Republican majority on the Senate Banking Committee is likely to take the lead on any legislation, but ... there is likely to be very little middle ground between the free-market oriented Republicans and the low-income housing focused Democrats.

As one senior Senate Banking Committee staffer commented, "If an entirely Republican Congress couldn't get GSE reform done, what makes you think divided government will do any better?"

REGULATORY ARENA

The principal venue to look at here is the Federal Housing Finance Agency.

Vice Presidential Economic Advisor Mark Calabria was nominated by the White House on December 11 to be FHFA Director, replacing Obama-appointed Director Mel Watt. There will undoubtedly be concerns—both in markets and on Capitol Hill—regarding some of Calabria's stated views, including his misgivings regarding securitization, his previous advocacy for GSE receivership, and his reticence regarding federal backing of the 30-year mortgage.

Furthermore, Calabria would likely embrace policy shifts intended to modestly shrink the role of Fannie Mae and Freddie Mac in the market.

Another, more hopeful view is that Calabria would be measured and tactical in implementing footprint-reduction policies, given the centrality of housing in the economy and the primacy of the Trump administration's growth agenda.

Key issues surrounding Mark Calabria:

Would Calabria Be Confirmed? There is a sense that Calabria's Senate confirmation could be difficult given his previous statements, but the odds would ultimately favor confirmation, for the following reasons:

- Calabria is a former Senate Banking Committee staffer, which has been a benefit for other former staffers navigating the nomination process.
- We look to think tanks and academia for novel thinking, but many of the proposals are intended to be more theoretical than actionable, which is likely to be one of Calabria's retorts during a Senate hearing.
- Senate Republicans added to their majority, which provides them with additional cushion in clearing nominees.

Expect Calabria to soften his stance on certain issues and ultimately win confirmation on a largely party line vote.

Expect Calabria to pursue a measured, tactical push to shrink GSE footprints, which is likely to include some combination of a reduction of the multifamily lending caps, a curtailment of cash-out refi's, loan limit changes, underwriting restrictions, pricing increases, and additional pilot program transparency.

His past statements on Fannie/Freddie receivership have been controversial. There has been some concern regarding Calabria's previous advocacy for putting the GSEs into receivership.

In 2011 Senate testimony, Calabria argued for "moving Fannie Mae and Freddie Mac into receivership" (meaning they could be dismantled and sold into the private sector). Since then, the GSE reform conversation has shifted materially due in large part to administrative changes made by the Fannie and Freddie as well as the FHFA, which blunts the argument for receivership. The reality is that the receivership conversation is unrealistic, given the complicated nature of such a move, the current political climate, and the considerable economic implications.



Exiting conservatorship (for the GSEs) is likely a bridge too far, at least in the near-term.



His position on GSE capitalization will come into focus. A 2015 White Paper by Calabria argued that the GSE conservatorships ignore legal and economic precedent. Notably, the paper criticized the Obama administration for "rejecting any attempt to rebuild the capital" of the GSEs and "stripping all net value from Fannie Mae and Freddie Mac long

after Treasury has been repaid." Calabria has said that in terms of capital, "around 8 percent (real, not risk-weighted) would be appropriate" for the GSEs.

Expect a broader conversation regarding the future of the GSEs during the Trump administration, which could conceivably include capital retention and a pathway to ending the conservatorship. However, exiting conservatorship is likely a bridge too far, at least in the near-term.

When will the FHFA transition occur and how will it play out? FHFA Director Watt's term ended on January 6, 2019. While the precise procedural path ahead is uncertain, a likely scenario is that FHFA Director Watt departs sometime in January. The White House would then designate Comptroller Joseph Otting as acting head of FHFA, with Senate consideration and confirmation of Calabria as FHFA Director occurring in the first half of 2019.

Bottom line: With new players come new priorities. But the central place that housing plays in the U.S. economy guarantees that a great deal of attention, and a great deal of caution, will surround reform issues in 2019 and beyond.

John J. McKechnie is a partner at Total Spectrum, a Washington, D.C.-based team of companies providing strategic counsel and effective plan implementation using advocacy, research, communications and political engagement. You can reach him at (202) 544-9601 or jmckechnie@totalspectrumsga.com.



As one senior Senate Banking Committee staffer commented, 'If an entirely Republican Congress couldn't get GSE reform done, what makes you think divided government will do any better?'



Why Credit Unions Shouldn't Panic Over a 2019 Housing Slowdown

By Ralph DeFranco
Arch Capital Services Inc.

Both home sales and price growth have slowed—and are likely to slow further—in the year ahead. Let's explore why, what's next and how CUs can respond.

You may have seen some recent media reports stoking fears of an impending housing meltdown by focusing on the quick onset of a slowdown in certain cities, such as Dallas, Texas and Seattle, Washington. But a broader and more nuanced reading of the housing market data suggest that in most metros we are just moving from an overheated environment to one that is more balanced.

It's as if the housing market is having its first head cold in many years—unpleasant, but hardly fatal.

In this article, we'll focus on why the fundamentals suggest widespread home price declines are unlikely, highlight the areas where affordability has deteriorated the fastest and discuss where mortgage interest rates and home prices are projected to go in 2019.

We'll also discuss the implications for CUs, including the impact a continued modest slowing would have on mortgage origination volume and increased demand for ARMs

and second liens.

HOUSING AFFORDABILITY

We start with a look at home sales and the months' supply of existing homes for sale compared to their own histories (**Figure 1**). Since spring, there has been a marked slowdown in sales, while the months' supply remains relatively tight.

The root cause of the recent decline in home sales is a lack of affordable homes for sale. The double whammy of higher home prices and the nearly 1% rise in mortgage rates over the past year has increased the size of the pay-

FIGURE 1: Home Sales Are Slowing, but Supply Remains on the Low Side

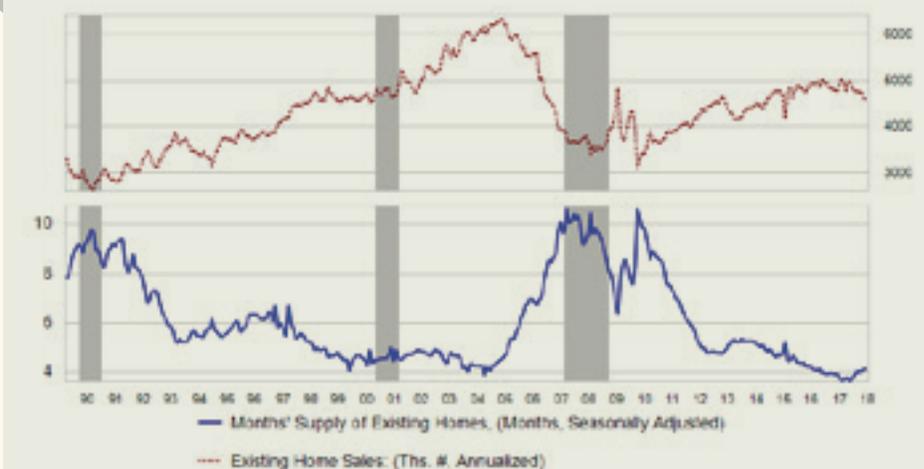
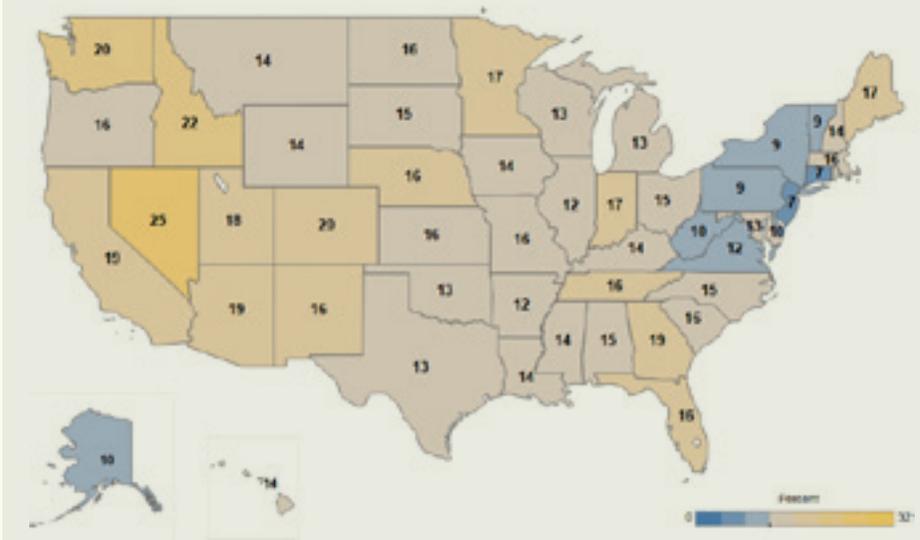


FIGURE 2: Percentage Increase in Size of Payments Needed to Buy a Home Over the Past Year



Source: Arch MI calculations using U.S. Census Bureau/Freddie Mac/NAR/Moody's Analytics data, assuming a 10 percent down payment.

ment needed to buy a median-priced home anywhere from 7% to 25% over the course of 2018 (Figure 2).

Higher rates, in particular, have caused some potential buyers to pause, at least temporarily, in the hopes that mortgage rates, or even home prices, would come down.

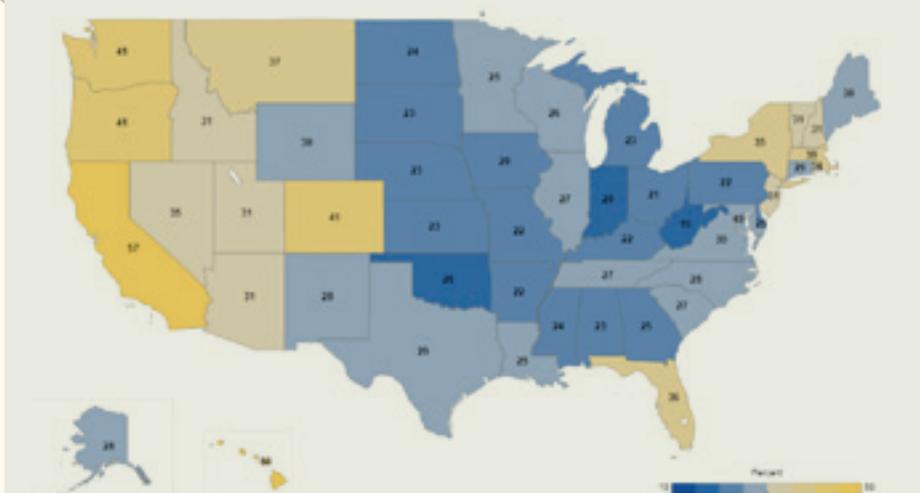
Even with this large increase in the cost of buying a home, overall affordability for the U.S. is still a bit better

than its historic average.

One reason that it feels like affordability has declined sharply is because it's easier to compare today's prices to those earlier in this decade, which was by far the most affordable period of time since the data started to be captured in 1975.

Of course, housing affordability varies greatly by location. Affordability is currently very poor in the West, but

FIGURE 3: Percentage Median Income Needed to Buy a Median-Priced Home



Source: Arch MI calculations using U.S. Census Bureau/Freddie Mac/NAR/Moody's Analytics data, assuming a 10 percent down payment.

for much of the rest of the country, it is better than it was during the 1990s.

To understand affordability locally, we estimate the percent of pre-tax income needed to cover payments on a mortgage (with a 10% downpayment) on a median-priced home (Figure 3). The national average is 32%.

One implication of Figure 3 is that housing markets in much of the West, Northeast and in Florida have poor affordability and perhaps are more at risk of a housing market slowdown than the rest of the country.

STRONG FUNDAMENTALS REDUCE RISK OF HOME PRICE DECLINES

Reasons not to panic—more precisely, reasons why home prices are still likely to increase, albeit at a slower pace—include the following:

- **Job growth** remains robust and total employment is at record highs. The unemployment rate is the lowest ever experienced during peacetime, only 3.7%.
- A large federal “**stimulus package**” helps cushion the economy from shocks (such as higher interest rates and or a slowdown overseas). The economy is likely to remain strong over the next six to 12 months because the federal government has increased spending and passed a tax cut.
- **Household debt** as a percentage of disposable income is close to a 15-year low. In aggregate, the cost of servicing debt is relatively low since the bulk of outstanding debts are fixed-rate mortgages.
- **Loan production quality** remains better than in the early 2000s, even with DTIs and LTVs trending up. (For more information, see the Urban Institute’s Housing Credit Availability Index.)
- Even though the inventory of homes for sale has increased, the months’ **supply of existing homes** is still low, at 4.1 months in October. That is extremely low in a historical context, even if it is up from earlier in 2018.
- The **housing shortage** is not going

away anytime soon: New home sales and builders' incentives to break ground on additional housing have been hampered by higher fixed costs, such as local assessment fees, a labor shortage and tariffs.

Our own estimate of the national housing shortfall is in a range between 1.5 million and 2.5 million units, based on vacancy rates and a comparison of the growth in supply and demand over time. For example, new construction is currently around 1.3 million new units a year, while trend demand is somewhere between 1.5 million and 1.7 million new units a year.

Lastly, another way to judge if we are underbuilt is by looking at today's residential fixed investment as a percentage of GDP (Figure 4). It's now at 3.9%, as compared to the historical average of 4.6%.

In Figure 4, notice that construc-

30-year fixed-mortgage rate could average between 5% and 5.25% next year, but volatility is the norm.

Rising rates have historically caused a mild slowdown in transactions, slowed home price growth and resulted in a large reduction in refinances.



The root cause of the recent decline in home sales is a lack of affordable homes for sale.



One estimate of the size of the typical impact of higher rates comes from J.P. Morgan researchers, who found that each rate increase of 0.25% trims home sales by roughly 2%. That fits events over the past six months quite well.

Home sales in 2018 are on track to be 3% to 5% lower than the year before and could decline another 3% to 6% in 2019 if economic conditions follow current consensus forecasts.

Home prices are expected to grow at a more measured 2% to 4% nationally next year, supported by a constrained housing supply and, we hope, a job market that remains strong.

Of course, the size of future home-

damentals described in the previous section of the article provide some cushion against downside shocks, but limited and short-lived price declines are possible in some areas as markets rebalance and adapt to the higher interest rates.

States most at risk of having price declines include both those with the highest prices, such as those on the West Coast, and in states with currently weak housing markets, including Alaska, Connecticut, Mississippi, Louisiana and West Virginia. (Arch MI publishes estimated probabilities of home price declines from the Arch MI Risk Index® online at archmi.com/hammr.)



The 30-year fixed-mortgage rate could average between 5% and 5.25% next year, but volatility is the norm.

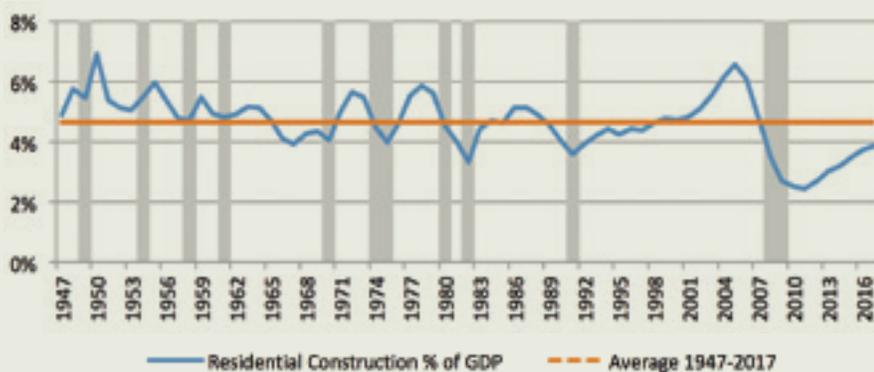


Of course, when discussing forecasts, it is worth remembering that the economy has repeatedly proven very capable of generating both positive and, more commonly, negative surprises.

For example, the already strong economy would benefit in the event that Congress passes a major infrastructure bill, which would further tighten the job market and put more upward pressure on interest rates.

There are also many potential risks that could result in a weaker housing market, including negative feedback loops from tariffs, turmoil in emerging markets or a breakup of the Euro, to name just a few possibilities.

FIGURE 4: Residential Construction Remains Well Below Normal



Recessions are indicated by gray bars.
Sources: U.S. Bureau of Economic Analysis/ARCH MI

tion is still at what would be a low rate compared to past recessions and is well below its 2005 peak of 6.5%.

SO WHAT'S NEXT?

What is the most likely scenario for 2019? Financial markets currently expect further gradual interest rate increases over the next few years. The

price changes depends on the condition of the local housing market. Some areas will have flattish home prices, which would allow incomes to help catch up to recent price increases, but other areas are likely to see home price growth in the 2% to 4% range, more in line with income growth.

The strong underlying housing fun-

WHAT FEWER HOME SALES MEAN FOR CREDIT UNIONS

Housing markets have already downshifted into a lower gear. One silver lining is we are moving to a more sustainable rate of home price growth. This will help limit worsening affordability, thus lessening credit risk when the economy eventually does go into a recession.

Based on the premise that the hous-

ing market will be a little slower, but still OK in the coming year, you may want to consider the following options:

1. Educate potential buyers currently “on the fence” that affordability is forecasted to worsen, as rates may increase further and the housing shortage continues to put upward pressure on home prices.
2. For members in need of cash, help them understand the monthly costs of alternatives to cash-out refi’s, such as HELOCs or fixed-rate second liens.
3. In addition to offering fixed-rate mortgages, discuss the pros and cons of ARMs and hybrids (which have a lower initial rate, but could easily have higher payments down the road) since these products are becoming a little more popular.
4. If you are in one of the few regions where home prices have hit extremely unaffordable levels, keeping the credit box relatively tight will help lessen your default risk. (You can see Arch’s estimates of local home price over-/undervaluation at archmi.com/hammr under the “Click here to view our HPI Maps and Charts” button.)

SUMMARY

Even with higher mortgage rates and some markets (particularly out West) now looking overvalued, solid economic growth, a healthy labor market and a shortage of entry-level homes should result in 2019 being decent, if lackluster, when compared to 2017, the most recent peak home sales year.

The rise in mortgage rates over the past quarter — and likely further increases of a 0.25% to 0.50% over the next year or two — could result in continued cooling, at least temporarily. Nevertheless, sustained home price declines are unlikely in America’s major markets unless mortgage rates spike above 6% (very unlikely) or we are hit with a full-blown recession. ▲

Ralph DeFranco is the Global Chief Economist of Arch Capital Services Inc.

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

- Bank-Fund Federal Credit Union
- DuPage Credit Union
- University Federal Credit Union (Utah)
- Honor Credit Union
- Firefly Credit Union
- Resource One Credit Union
- Fort Bragg Federal Credit Union
- 4Front Credit Union
- CCU (Community Credit Union) of Florida
- Jax Federal Credit Union
- Community Resource Credit Union
- Freedom Credit Union
- OE Federal Credit Union
- Saginaw Medical Federal Credit Union
- Greylock Federal Credit Union
- Indiana State University Federal Credit Union
- Capital Credit Union
- California Bear Credit Union
- Wescom Central Credit Union
- Centric Federal Credit Union

CUSO MEMBERS

- California Members Title Insurance Co.



Ensuring Quality Originations

Is It Time to Review Your Quality Assurance Program and Your Quality Control Plan?

By Todd Krell
CrossCheck Compliance



QUALITY
ASSURANCE

Many credit unions have a process in place to review their quality assurance program, including the quality control plan, on an annual basis. This review typically includes a process and content comparison to Fannie Mae, Freddie Mac, HUD, and/or their private investor's quality-control requirements.

But how often do credit unions perform a best practices review?

Meeting the minimum quality assurance requirements will keep investors and regulators happy, but are the minimum requirements sufficient to ensure quality loans for the credit union and its members?

To help ensure you are originating quality loans, consider the following best practices:

1. Be proactive and consistent with your scope.

Many lenders only consider revision to their quality-control process and scope when a change is made by a reg-

ulatory agency or investor. However, the mortgage industry is experiencing lower volumes and tightening margins. During these periods, it is common for lenders to revise procedures to become more efficient, roll out new products, and task certain personnel with new or additional roles.

These types of changes may be happening overnight or monthly; however, many lenders may only review the scope of their quality control reviews on an annual basis. This can lead to missed findings and unsaleable loans.

Management should ask, "How

does this change affect our quality-control scope?" with every change to procedures, products, or personnel. The answer could be to revise certain sampling methods, update your quality control plan, or revise the audit checklist used by the quality-control analyst.

2. Use your most experienced individuals to perform the quality-control reviews.

Many institutions hire pre-funding or post-closing personnel that lack experience in underwriting or have less experience than the individuals that they are reviewing. Taking an experienced underwriter out of production may cause production issues at first, but it will pay higher dividends in the end when their experience is leveraged to the entire organization through quality control feedback.

A similar approach should be taken if your institution outsources any or all of the quality-control process to third-party vendors. A quarterly or semi-annual process should be ad-

opted that allows you to receive and review the resumes of the individuals that are performing the reviews. Ensuring experienced individuals are reviewing the file will help reduce missed or false findings.

3. Be creative and timely with your sampling methods.

Most investors provide good details regarding the sampling requirements for pre-funding and post-closing quality control. However, these requirements often include some latitude and recommendation for lenders.

A lender should review its sampling methodology monthly and base any revisions on past quality-control results and changes to procedures, products and personnel. Many lenders correctly base their discretionary sample on higher-risk profiles but fail to recognize what their past results are telling them about what should be considered higher risk or fail to consider new products in this sample.

Further, sampling for targeted reviews can promote improvement in newer personnel or identify areas of concern for the lender.

4. Include robust trending in your reporting.

Whether performing quality control internally or via a third-party vendor, your process should include the capability to trend findings in the area of responsibility, as well as the individual finding.

For example, a lender should have the capability to identify which underwriters may need further training in the calculation of rental income or which processors may need help with the documentation required for gifts.

Reporting trends by not only defect categories, as required by most investors, but also individual findings will



Many lenders may only review the scope of their quality control reviews on an annual basis. This can lead to missed findings and unsaleable loans.



identify specific issues and improve overall quality.

5. Commit to a 90-day audit cycle.

A typical quality-control audit cycle requirement is 120 days for post-closing reviews. However, by committing to a 90-day audit cycle, a lender has the ability to make timely changes

in underwriting and (c) educating members and staff on mortgage fraud.

7. Evaluate the pros and cons of using a third-party vendor.

It is becoming more common for lenders, regardless of volume, to use a third-party vendor to perform all or a portion of the quality-control functions. But how does a lender determine if using an outside provider best suits the needs of the organization?



to procedures and personnel and is aware of any major issues at least 30 days sooner.



Your quality-control process should include the capability to trend findings in the area of responsibility, as well as the individual finding.

6. Recognize that quality assurance is part of the entire process.

Many lenders view quality assurance as simply pre-funding and post-closing audits. However, higher quality originations and a better lending experience for the member are both possible when a lender adopts a philosophy that quality originations begin with (a) the initial application and instituting the use of automated tools, (b) hard stops

THIRD-PARTY BENEFITS

There are many benefits to using a third-party provider which include:

1. Cost control and independence: As noted above, the mortgage industry is experiencing tightening margins and lower volume levels and as such, maintaining the cost of full-time employees that are independent of the origination process can be challenging.

Further, internal pre-funding and post-closing reviews often result in disagreements between sales and operations. Having an outside, independent review can alleviate these



disagreements and promote a more cohesive relationship between the two departments.

2. Experience:

Although outsource providers have many different methods and philosophies, several use a model which includes the use of experienced analysts with underwriting backgrounds. By performing a proper vendor due diligence, a lender can identify these providers and ensure that the outsource

receives a lot of attention—and rightfully so—as reverifications can identify misrepresentation and fraud.

A reverification department or analyst can be very costly for a lender to maintain when considering the volume of mail, multiple sources of reverifications, second attempts and record retention. Most third-party providers have established departments that are adept at handling this part of the process with only out-of-pocket expenses passed to the lender.

4. Sharing best practices:

Third-party quality control firms can observe industry trends, processes and best practices at their many clients, and can share those learnings with you.

THIRD-PARTY DRAWBACKS

Some possible drawbacks to using a third-party provider include the following:

1. Vendor Management:

Would adding an additional vendor put a strain on your current vendor management department? Third-party quality control providers have a lot of processes for a lender's vendor management department to consider and audit. The quality control vendor will have access to loan files that contain the personal information of your members.

The quality control provider will also be representing the lender when ordering credit reports, reverifications, and field reviews. These processes can take considerable time to audit, given IT security and privacy concerns.

2. Time and Cost:

Most investors require lenders to monitor their quality control vendor. Typically, this is accomplished by a "check-the-checker" type of re-

view in which the lender performs a re-review of the entire loan file using the audit checklist used by the vendor and comparing the findings. These reviews must be performed by an individual independent of the origination process and cannot be outsourced.

The cost of these reviews is often overlooked by the lender. Further consideration should be given to time spent by the personnel working with the vendor each month. Typically, this individual or individuals are in the compliance or risk departments and have other responsibilities. Considerable time can be spent by these individuals each month if the quality control vendor is not performing as expected.

For example, these individuals may find themselves responding to similar incorrect findings month after month or rewriting quality control reports because the vendor does not offer a customized solution.

REVIEW YOUR PRACTICES

Regardless of whether you continue to perform your quality control internally or outsource it to a third party, it is a good time to review your practices—both against investor requirements and industry best practices. In a time of lower volumes and tightening margins, this will help ensure that you are originating quality loans. ▲

With more than 20 years of mortgage lending experience, Todd Krell is a Managing Director at CrossCheck Compliance LLC, a nationwide consulting firm. He can be reached at tkrell@crosscheckcompliance.com.



Having an outside, independent review can alleviate disagreements between sales and operations, and promote a more cohesive relationship between the two departments.



REVIEW PRACTICES



provider uses only experienced personnel to review their files.

This is consistent with the best practice noted above and keeps the lender's experienced underwriters on the front lines.

3. Reverification process:

Any lender that has been through a recent regulatory or investor audit of its quality-control process can attest that the reverification process



Todd Krell

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Hedging the Loan Portfolio

With Rising Rates, Lenders Need to Look at Mitigating Risk

By John Toohig and Rob Hahne
Raymond James



Hedging the portfolio has become an increasingly important topic of conversation for mortgage lenders. These discussions have become more prominent as profitability in today's residential lending market has become exceedingly challenging.

According to the Mortgage Bankers Association, with the cost to originate a mortgage rising to \$8,174, net production income reached its lowest third-quarter level since the inception of the analysis by the MBA in 2008. Lenders made only \$480 per loan in the third quarter, causing a focus to shift heavily on the profitability of programs.

Historically, depository clients have originated loans and either immediately sold them or strategically held them in portfolio. For the last decade we've enjoyed a period of gradually falling rates: Any loan you originated yesterday was worth more tomorrow.

However, the last 18 months have been a period of rapidly rising rates, and few of our credit union clients elected to hedge their portfolio. A chart (Figure 1) shows the 10-year Treasury dating to July 2016.

This situation has caused portfolios to sink underwater and often be valued below PAR today. This can harm liquidity in the portfolio when sellers are resistant to letting go of loans at a loss.

Enter the conversation of hedging the portfolio. Under NCUA rules (12

CFR Section 703, Subpart B), credit unions are permitted to engage in limited interest rate derivative activity. Federal credit unions must apply for and obtain approval from the NCUA. A federally insured state-chartered credit union's authority to

use derivatives is determined by their relevant state.

The NCUA derivatives regulations (Figure 2 and Figure 3) outline requirements in the general areas related to the usage of derivatives.

In addition, the Federal Accounting Standards Board (FASB) has recently relaxed its existing hedge accounting rules; they now allow an entity such as a credit union to hedge a portfolio of pre-payable loans (such as residential mortgages or member business loans).

While hindsight is 20/20, a credit union that chose to portfolio 30-year fixed-rate residential mortgages back in July 2016 is subject to substantial interest rate risk. That credit union can now take advantage of this FASB update to help mitigate future interest rate risk on the portfolio.

The CU can do this by choosing to

FIGURE 1: TEN-YEAR TREASURY

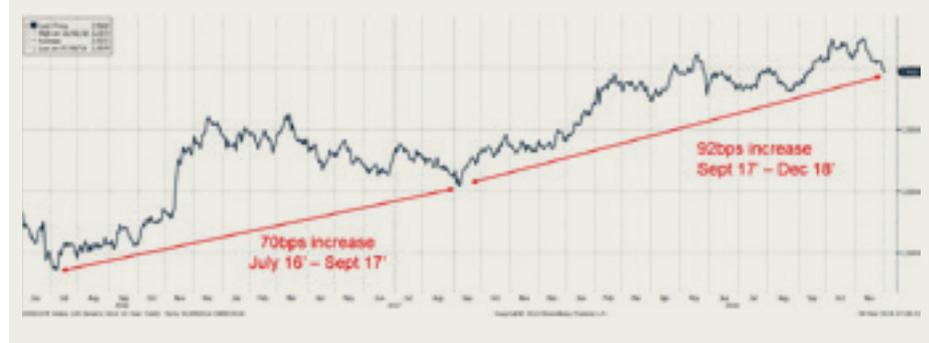


FIGURE 2: ELIGIBILITY/PERMITTED DERIVATIVES



FIGURE 3: PERMISSIBLE DERIVATIVE STRUCTURES /CHARACTERISTICS

Permissible Derivative Structures

- Interest Rate Swaps
- Purchased Interest Rate Caps
- Purchased Interest Rate Floors
- Basis Swaps
- Treasury Futures

Permissible Derivative Characteristics

- Amortizing notional amounts
- Forward Starts (90 days maximum)
- 15 years maximum maturity
- USD denominated
- Not leveraged
- No embedded optionality

hedge, using a single-pay fixed-interest rate swap (a permissible product under NCUA derivative rules) for a partial term, rather than up to the final maturity of the portfolio.

This approach simplifies how credit unions can manage interest rate risk in an accounting friendly way and offer competitive loans to their borrowers. This approach offers several features, including:

- Loans can be structured to meet a member's needs rather than accounting needs.
- Loans can be funded with core deposits rather than needing to

match fund with higher-cost wholesale funding.

(3) It can be more convenient for the member with no need for the member to engage in a swap or for the credit union to embed "swap-like" terms such as make whole penalties in the loan agreement.

As an example, the credit union would identify a loan portfolio of pre-payable, fixed-rate assets that it wants to hedge. The swap would be sized with an eye toward those loans not expected to pre-pay (hedged portion) and the remaining portion would be unhedged (Figure 4).

FIGURE 4: TOTAL PORTFOLIO

Total Portfolio	Unhedged Portion	Hedged Portion
\$50 million	\$25 million (50%)	\$25 million (50%)
4.50% Yield	4.50% Yield	Converted to 1m LIBOR +1.64%
30Y (8Y WAL)	30Y (8Y WAL)	8Y amortizing swap

The value of derivatives are generally derived from the performance of an asset, index, interest rate, commodity or currency. Derivatives are investment instruments that consist of a contract between parties whose value derives from and depends on the value of an underlying financial asset. Interest-rate swaps usually involve the exchange of a fixed interest rate for a floating rate, or vice versa, to reduce or increase exposure to fluctuations in interest rates or to obtain a marginally lower interest rate than would have been possible without the swap. If the holder of the floating rate is unable to make payments under the swap agreement, the holder of the fixed rate has credit exposure to changes in the interest rate agreement. U.S. Treasury securities are guaranteed by the U.S. government and, if held to maturity, offer a fixed rate of return and guaranteed principal value.

Hedging is a risk management technique used to reduce any substantial losses or gains suffered by an individual or an organization. Hedging against investment risk means strategically using instruments in the market to offset the risk of any adverse price movements.

The swap can be structured with considerable flexibility to meet targeted maturity and amortization (Figure 5). The chart and related example (Figure 6) show how a credit union could triangulate the expected term and amortization of the swap.

FIGURE 5: INDICATIVE SWAP PRICING

Swap Tenor	Interest Only	10y Amort	20y Amort	30y Amort
2 years	2.81%	2.81%	2.81%	2.81%
3 years	2.83%	2.83%	2.83%	2.83%
4 years	2.83%	2.83%	2.83%	2.83%
5 years	2.83%	2.83%	2.83%	2.83%
6 years	2.83%	2.83%	2.83%	2.83%
7 years	2.86%	2.85%	2.86%	2.86%
8 years	2.87%	2.86%	2.86%	2.86%
9 years	2.88%	2.86%	2.88%	2.88%
10 years	2.90%	2.87%	2.89%	2.89%

Assumes monthly pay vs. 1-month LIBOR. Amortization based on 5.00% rate, mortgage style.

FIGURE 6: EXPECTED 8Y SWAP RETURN

Example assuming a 8Y swap with 30Y amortization:

Assumed Average Loan Coupon	4.50%
Hedged Swap Rate	2.86%
Net Spread	1.64%

Hedged Portfolio earns LIBOR + 1.64%

This is still a very new process for most of our credit union customers. We hope that this information helps them form their policy and comfort level with the product.

Content sources include Bloomberg and HousingWire.

John Toohig is a Managing Director and the head of the Whole Loan Group at Raymond James. Contact him for more information on Raymond James's whole-loan analytic services.



John Toohig

Rob Hahne is a Managing Director and part of the Financial Products Group at Raymond James. Contact him for more information on Raymond James's balance-sheet management and derivatives-hedging services.

THIS ARTICLE

leads off a section of the Pipeline focusing on First-Time Homebuyers. The section explores numerous aspects of the first-time buyer experience: what do they need and want, how can you help them and what are the people and tools you need to compete for them. This article looks at the challenges that lenders face through the lens of the buyer and builds a case for how best to succeed in helping them into their first home.

Why Get a Mortgage from a Credit Union?

Recent First-Time Buyers Share Their Experiences, Expectations

*By Tom Burton
Pipeline Editor*

It may not be the best time to be in the mortgage business. Competition from all sides is increasing, rates are headed upward and the refinancing boom has gone bust.

Mortgage lenders are being forced to re-examine their operations, and credit unions are being forced to look closely at how they do business. Remember the marketing slogan, “This is not your father’s Oldsmobile”? Well, applied to home loans, it’s that and so much more.

And the situation becomes even more challenging when one considers the plight of first-time homebuyers. This segment, which comprises a full one-third of home sales, faces a very tight market for affordable housing, rising home prices and an increasingly difficult environment in which to save for a downpayment.

It’s worth remembering that these first-time buyers are on a journey, and you, as the lender, are a part of that journey. By the time they reach you, they have absorbed (and endured) a lot on their journey, and they expect a lot more from you—a lot of help and a lot of empathy. You need to keep that in mind.



Knowledge Great Service Communication Competitive Rates



As we head toward spring, when the homebuying season really gains some traction, the home sales boom of the past few years has been slowed by higher prices and rising rates. This situation has many prospective buyers, especially first-time buyers who are most constricted by finances, taking a wait-and-see attitude.

It may be a bit too soon to tell whether the housing boom is coming to an end, but what happens in 2019 will certainly go a long way toward deciding that question. What is certain is that first-time buyers face major challenges.

According to industry blogger Rob Chrane, CEO of Down Payment Resource, “It’s no secret that the crisis in affordable housing is keeping prospective first-time homebuyers in rentals.” He called affordability “the most important barrier first-time buyers face.”

Chrane quoted an Urban Institute study that estimates 21 million Millennials, the largest demographic of homebuyers overall and a majority of the first-time buyers, are mortgage-ready but sidelined in today’s market for a variety of reasons, including a lack of affordable housing. Among other reasons:

- **Student loan debt is increasing.**

The average loan debt is approaching \$40,000 for a college graduate, bringing house-hunting delays for Millennial buyers who can’t afford to pay off student loans and buy a home.

- **Many buyers do not have savings.** Almost half of renters who plan to buy a home have not saved any money toward a downpayment, according to a survey by ApartmentList, an online service that helps match renters to apartments.

- **Mortgage rates are trending higher.** Economists expect the Federal Reserve to continue with interest-rate increases that will push mortgage rates above 5% and making homebuying more expensive.

For this article, we talked to some recent first-time homebuyers and asked them why they chose their credit union to obtain their loan. Some of their answers may surprise you. And if you’re surprised, perhaps you should take a look at what you are—or aren’t—doing to help them complete their journey.

Their answers, collected in December, provide a glimpse of how best to attract new and existing members to your mortgage lending program. One piece of advice we can give after hearing from homebuyers:

Don’t expect their business to fall into your lap; you have to work for it. And you have to work hard—and understand what they’ve already gone through to get to you.

As Paula Montford, a first-time buyer with her husband at Summit Credit Union in Wisconsin, told us, “Knowing that this would be the largest financial decision we’d ever made, we wanted to

do some comparison shopping.”

Every first-time borrower we interviewed talked with multiple lenders; most also began their research online, looking mainly at rates, but also home prices in the neighborhoods they identified as desirable.

For these buyers, more room for a growing family was often the reason to seek a home mortgage. Some of the borrowers had money saved; others did not. And most did not know how much of a loan they qualified for. Few knew they could purchase a home with no downpayment in certain cases. But all of them wanted to own a home.

CURRENT MARKET FACTORS

Before we take an in-depth look at our first-time homebuyers, let’s consider where the market stands in 2019.

“I was encouraged to ask questions to have a better understanding of each step of the process, and my business felt appreciated.”

• **The housing market will change from the top.** Tight inventories in the current market will recover faster for higher-priced homes than for starter homes.

To capture the first-time market, lenders must first carry an awareness of these challenges, and then work hard to attract buyers and offer a variety of loans that can work in various financial situations.

But are products and hard work enough to attract these buyers? Nope. Our interviews show that buyers want to understand the process (knowledge), “feel appreciated” (great service), know what’s going on with their loan, including what’s ahead (continuous communication) and get a great deal (competitive rates).

KNOWLEDGE

For Paula Montford and her husband, an understanding of the mortgage process was a key. “We kept waiting [to inquire about a loan], thinking we needed a large downpayment.”

But when they finally pulled the trigger, their Summit loan officer, Tim Greene, helped them with a zero-percent downpayment option, got them pre-approved for a loan so they could start shopping, and worked out for them an affordable monthly payment.

“Tim was able to make our monthly mortgage payment for our three-bedroom townhouse only \$50 more than what we had paid to rent our two-bedroom apartment.”

Tim also had in place a relationship with a local Realtor, which opened the door for him to work with the Montfords. “Our Realtor actually knew Tim personally and recommended him,” Paula said. “And since we were already Summit members, it seemed like the best place to start.”

The Lesson: Your MLOs must not only gain the trust of the borrowers, they need to share their knowledge of the mortgage process and tailor the product to the situation. Especially for first-time buyers, products that require a limited amount for a downpayment can be important.

The Broader View: Credit unions

that offer homebuyer seminars (and distribute mortgage information through other communication channels) can help potential buyers get the jump on the process by understanding if they can qualify for a loan; and if not, how they can change it. This knowledge is particularly useful to first-time buyers. As Paula Montford noted, she and her husband likely would have looked for a home sooner if they had not assumed they needed a big downpayment. Establishing working relationships with Realtors—letting them know which products you offer for first-time buyers—is another great way make connections.

GREAT SERVICE

There is no substitute for great service. In fact, service is arguably the best way not only to distinguish yourself from your competitors, but also attract new business through word of mouth.

First-time homebuyer Neil (last name withheld by request) got his first loan from Lake Michigan Credit Union in Michigan. “I ultimately chose LMCU for their customer service,” Neil said. “They are local and I could talk to someone in person. I was brand-new to the homebuying process, so naturally I was nervous about it, but I felt comfortable with the mortgage loan originator at LMCU.

“I was encouraged to ask questions to have a better understanding of each step of the process, and my business felt appreciated,” Neil said.

The Montfords originally met with their MLO to get a pre-approval amount, which helped establish a “nice working relationship,” Paula said. “He went above and beyond to answer all of our questions, which we had a lot of.”

The lesson: Great service means taking the time to answer questions, to make the borrower feel comfortable. In this case, the time invested definitely paid off for Neil and the MLO. But

that doesn’t mean every time’s a winner; it means you must provide great service every time whether or not the borrower ultimately gets the loan.

The broader view: Credit unions that offer MLO training programs and develop qualifications for hiring MLOs that match the credit union’s needs will have the best chance to offer superior service consistently.


We had a specific financial question and [the MLO] responded to us on a Saturday because he didn't want us worrying all weekend.



COMMUNICATION

Perhaps nothing is more frustrating to a borrower seeking a loan than silence. Studies show that communicating with the borrower throughout the loan process makes for a good relationship ... or not.

Communication begins as soon as an inquiry is made about an application. It continues during the application process—at every step as well as during times when there is no action: “We are still waiting for that document, but we expect it in the next day or two.” Communication should mainly be pro-active, but when a response is requested, it should be quick.

It was quick, and greatly appreciated, for Paula Montford: “Once we had a specific financial question and [MLO Tim Greene] responded to us on a Saturday because he didn’t want us worrying all weekend.”

The case of Sunmark Federal Credit Union member Carmen Rosario Reyna illustrates another important point about communication, one that will become increasingly critical in the coming years: Carmen speaks only Spanish. At Sunmark, MLO Jose Camilo speaks Spanish and English.

Carmen tells her story with the help of her son, who translated:

“I first started saving for [a home] three or more years ago,” Carmen said. “Once I had a good amount saved, I reached out to the Realtor and then to the credit union,” which matched her with Jose.

“Jose was magnificent from the first moment I spoke with him,” Carmen

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A photograph of two young children running happily in a bright, modern interior space. One child is in the foreground, running towards the right, while the other is slightly behind and to the left, also running. They are in a room with light-colored walls and a large glass door or window in the background, suggesting a bright, airy environment.

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cu.nationalmi.com

continued. “I felt so relieved and at peace knowing that [with Jose’s help] I was able to understand the process every step of the way.”

The MLO not only communicated, he also provided exceptional service, making possible a home purchase to a woman who never expected she could qualify.

“I never thought I could purchase this kind of home,” she said, “but Jose made the process worry-free [for me] and when things came up, he took care of them.”

The lesson: Communication, of course, is a two-way street. But it must be continuous throughout the loan application process. Make sure every question is answered—from the first inquiry to the closing and beyond. And be proactive whenever you can. Use the channels the borrower prefers, whether it’s phone, email, face-to-face or even texting. Don’t keep them waiting either.

The broader view: The credit union can save time for the borrower and the loan officer/contact by limiting the need for back-and-forth communications. Provide a time line with mileposts noted. Offer checklists for documents needed at the front end of the process and offer multiple channels for receiving them. Consider a program allowing you to obtain documents electronically. Set a time limit on responding to questions and designate who the credit union point person will be. To attract more first-time buyers into the future, consider the value of hiring bilingual MLOs.

COMPETITIVE RATES

Every credit union should monitor competitors’ rates, and yours should be in the ballpark, but not necessarily the lowest. If you’re selling mortgage loans on rates alone, you’re doing it wrong.

Beyond the individual borrower, you must make sure your members and potential members know you

have a mortgage program. Use your marketing channels; build campaigns; collect testimonials. It’s surprising how often members seem unaware that they can get a home loan at their CU.

And while rates are not the only factor for a borrower, it’s important. Of the borrowers we interviewed, the Top 3 concerns were service, rates and knowledge of the local market. These three factors combine to offer credit unions an opportunity for an advantage, especially when rates of competitors (other financial institutions and online lenders) are similar.

IF YOU CAN’T CONTROL IT...

Multiple first-time buyers expressed exasperation, if not frustration, at trying to buy their homes in a seller’s market. They put down offers on homes—sometimes

four and five times—and were rejected when someone else offered more money or didn’t need financing.

“Finding a home in our price range that we liked was difficult,” said Paula Montford. “Homes were going for above asking [price] in mere days after becoming available.” She said the 48 hours between the time they put in an offer on their home, considered the counter-offer and had the final offer accepted was “the most stressful”

time. She also mentioned the home inspection and appraisal as causing some stress.

“I had lost multiple homes I placed an offer on,” said Neil of LMCU. “This became very frustrating and discouraging numerous times.”

“I was applying for many different houses, but someone offered more money,” said Jeimy Hernandez Sandoval, a first-time buyer also with Summit CU. “This happened to me five times.” Happily, Jeimy scored on House No. 6.

These factors can’t be controlled by the lender or the buyer, but the credit union can play a role in diffusing tensions by preparing the buyer for these types of situations—in essence, sharing with them that they can occur and while they might not be pleasant, at least then they won’t be unexpected.

Neil from LMCU offers this advice to other first-time buyers: “Don’t be in a hurry. There are numerous aspects that are beyond your control, but it is a decision that will affect a large portion of your life, so it should be treated as such. It can be very frustrating at times, but it is well worth it in the end.”

Amen. 

Tom Burton is the editor of the Pipeline magazine. He is a former daily newspaper and magazine editor with a degree in journalism. Contact him at tfburton95@gmail.com.

KEY ‘WANTS’ OF THE LENDER FROM FIRST-TIME HOMEBUYERS

Here is what first-time homebuyers are telling lenders that they want in three key areas.

KNOWLEDGE: Tell me what it means. Tell me how and when it happens. Let me know what to watch out for.

COMMUNICATION: Answer my questions. Keep me up-to-date about the process. Tell me what’s next. Prepare me for the possible outcomes—good and bad—along the way. Stay in touch.

SERVICE: Give me the time I need to understand what’s going on. Treat me with respect and help me trust you. Don’t keep me waiting. Know who I am (and what I can afford) so you can give me what I want.



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Want to be a monster mortgage mover?



Leveraging Social Media

Simple Strategies Credit Unions Can Use with First-Time Homebuyers

*By Ben Smidt
MGIC*

Social media strategies credit unions use with first-time homebuyers don't have to be complex. Sometimes the simplest options can provide the greatest results.

Consider for a moment the opportunity that exists in social media for credit unions. Currently 77% of Americans have a social media profile, and globally the average time spent on social media each day is 135 minutes, according to Statista, a leading provider of market and consumer data.

The value of social media clearly exists, but you may not be clear on the best ways to get started with social media to drive first-time homebuyer business. A credit union's use of social media can have valuable business impact.

However, it's important to note that before you take action on social media, you'll want to ensure your credit union has a social media policy to help guide employee use and protect the organization. A link to "5 Key Components to a Social Media Policy in a Regulated Industry" appears with this article under "Additional Resources."

Here are some of the simplest ways a credit union can approach different social media platforms to increase business with first-time homebuyers.



FACEBOOK

For all the talk of Facebook having lost its appeal with key demographics like Millennials, you still can't ignore the fact that 2.2 billion people are actively using the platform every month.

More important is the average number of friends Facebook users are currently connected with in their networks. According to Statista, 40% of users have 0-200 friends and 38% of Facebook users have 200-500 friends. This presents a perfect opportunity to expand your visibility with multiple target demographics for warm-lead business through Facebook.

Let me explain.

When mortgage loan officers ask me what they should consider posting or what activity they should be doing on Facebook, I start by asking them what they are doing right now, face-to-face with current customers, business partners or referral partners. A credit union should be asking the same question.

Why? Because your internal brand advocates (your mortgage loan officers) will help propel the company forward with new business through their positive actions on social media.

Here are two simple social media strategies credit unions can use to leverage Facebook for business with first-time homebuyers.

1. Closings

This is my favorite tip for credit unions who want to utilize their mortgage loan officers to help expand their visibility with warm leads and first-time homebuyers. Next time your mortgage loan officer attends a closing, before the MLO snaps the classic picture of the happy homeowner, stop and ask the happy homeowner to use their camera for the photo.

Why? Because then you can ask them to @mention/tag your Facebook business page in the post when they publish it on their feed for their trusted network of friends and family to see.

Anyone on Facebook knows the posts with the most engagement are those about getting married, having a baby and buying a house. This is free advertising to homeowners' friends, family and co-workers.

If I'm friends on Facebook with the happy homeowner, I may think to myself, "We're roughly the same age, make roughly the same amount of money—how did my friend afford to buy a home?" And in one click I can hop over to your Facebook business page, learn more about you and become interested in doing business with you, because you popped onto my radar through my trusted friend's post on Facebook.



Your internal brand advocates (your mortgage loan officers) will help propel the company forward with new business through their positive actions on social media.



2. Facebook Groups

As a credit union, create a Facebook group that benefits the community you serve. The goal here is to become a public resource that provides value to a broad group of people on a social platform.

In creating a beneficial Facebook group that the public can find and join, you're creating a pool of warm leads to draw from and leverage for future business



Using Twitter in the mortgage industry as a listening tool can help the credit union and its mortgage loan officers stay better informed about industry news, events in a member's life and milestones of a business partner's career.



opportunities. Think about sharing information first-time homebuyers would need to know about if they lived in your community. This could include popular restaurants, transportation options, coffee shops, entertainment events, local activities or information related to seasonal changes.

Take it a step further and highlight events your credit union may be sponsoring in the community to draw the business back to your company—through the outlet of Facebook.

There are so many ways to leverage a Facebook group to help generate business. Let your imagination run wild. But remain focused on highly relevant content around what's happening in the community you serve that affects the people you want to gain new business from, like first-time homebuyers.



TWITTER

Twitter is a harder sell as a social platform in the financial services industry, in part because of the perceived concern about the regulatory risks of "saying the wrong thing."

A simple social media strategy credit unions can implement for those mortgage loan officers using Twitter is an action called Twitter Notifications. A Twitter notification enables a Twitter user to be notified on any device when someone they follow (and have notifications turned on for) tweets.

Using Twitter in the mortgage industry as a listening tool can help the credit union and its mortgage loan officers stay better informed about industry news, events in a member's life and milestones of a business partner's career.

Let's unpack this idea.

Twitter built its brand on being the first to know. If you, as a mortgage loan officer, are the first to know about an

industry change or something that may affect a current mortgage customer or referral partner, you are the first to take action and capitalize on the change.

Think about the value proposition in monitoring news outlets on Twitter.

Their breaking news alerts are almost always pushed to Twitter first. This helps you keep your finger on the pulse and generate ways to better serve first-time homebuyers in the marketplace.

The same is true for current members who may be first-time homebuyers or referral partners that you choose to follow and place on notifiers. By doing so, you may discover it's their wedding anniversary, their birthday or their dog's birthday.

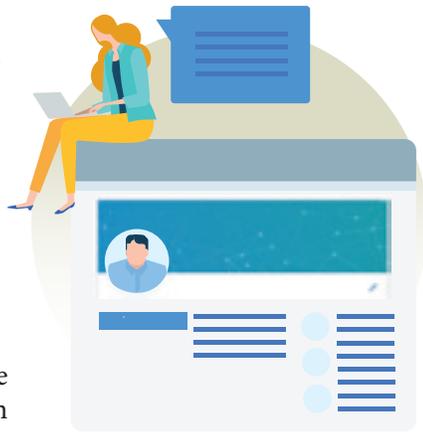
What a great opportunity for a mortgage loan officer to send flowers, a note or fun treat to build the relationship and stay top-of-mind. That personal touch is how you get more referral business from those individuals.

Pro Tip: Keep the number of people, companies and brands you have on notifiers at a reasonable level. Depending on their tweeting frequency, you may get inundated with notifications. The good news is it's just as easy to turn them off as it is to turn them on.



LINKED IN

LinkedIn is the largest professional social media platform, yet there seems to be a common misconception that you don't need to care about LinkedIn when you're getting started with social media. That's just not true.



LinkedIn is the outlet to highlight who you are as a business professional, so make sure your employee profiles are strong.



People want to trust whom they do business with, and they want to know they are doing business with the best. LinkedIn becomes a real differentiator for credit unions and mortgage loan officers once you embrace this concept.

What sets LinkedIn apart from other social media platforms is what they call "degrees of connection." This designation—1st, 2nd or 3rd—tells a user how closely they are connected to another LinkedIn user's profile they are viewing.

A simple social media strategy credit unions can use centers on your mortgage loan officers' profile pages. We know the consumer is very savvy and that they want to work with the best, as well as someone they know and trust. Since LinkedIn is a professional social media platform, this would appear to be a logical destination for a

potential consumer searching for more information about a mortgage loan officer they may have spoken to at your credit union.

Look closely at your employees' profiles on LinkedIn. How clear is their personal brand? Does their LinkedIn profile reflect it? LinkedIn is the outlet to highlight who you are as a business professional, so make sure it's strong.

Here are some quick-hit areas on employees' LinkedIn profiles that a credit union should audit to help improve a potential consumer's perception of your mortgage loan officers and increase corporate visibility to a larger audience:

1. Headshot/Headline/Background Image
2. Summary
3. Endorsements

Pro Tip: Ensure all your mortgage loan officers at the credit union are connecting with their happy customers

on LinkedIn. By doing so, they are expanding their visibility to the customer's trusted network of friends, family and business partners, which will help to drive referral business through 2nd-degree connection status.

Buying a home is a big deal, and first-time homebuyers may be extra cautious about whom they decide to work with. Consumers (and referral partners) will likely look up those professionals on LinkedIn to learn more about who they are and what they bring to the table.

As a credit union, you can ensure that no matter which mortgage loan officer a consumer has found on LinkedIn, they will be presented in the best light possible, to help reduce doubt and encourage the continuation of a business relationship from that consumer's perspective.

SOCIAL MEDIA CAN HELP

Social media strategies for credit unions can be simple. The social media tips I've shared will help build the foundation for a successful, meaningful experience on a variety of social media platforms for credit unions and mortgage loan officers.

Adjusting your perspective and changing behavior will help to encourage more business from first-time homebuyers and referral partners in the mortgage space.

Remember, social media is the initial touchpoint. From there you'll want to transition to a more traditional interaction, like a phone call or email.

Making these simple changes to your social media activity will help encourage this flow of new business into your credit union. ▲

Ben Smidt is the Digital Strategy Manager at MGIC, which provides mortgage insurance to help families achieve homeownership sooner by making affordable low-down-payment mortgages a reality. For more information, visit www.mgic.com.

Additional Resources:

Here's a link to "5 Key Components to a Social Media Policy in a Regulated Industry":

■ <https://mgic-connects.com/5-key-components-to-a-social-media-policy-in-a-regulated-industry/>



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Become a 'Credit Concierge' to First-Time Homebuyers



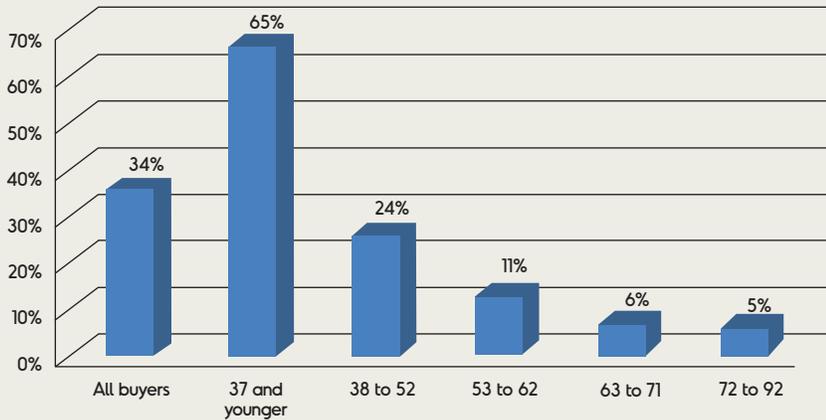
*Prepare Your
Members for a
Better Experience
with Unique
Insight and
Helpful Tactics*



*By Crystal Rustad
American Reporting Company*

The First-Time Homebuyer is the focus of many articles and industry events as lenders look to supplement originations in the predicted HELOC environment of 2019. While first-time buyers are found across the generational spectrum, Millennials have quickly become the largest sector of new homebuyers, according to the National Association of Realtors (Figure 1). Millennials should be an excellent target for credit unions looking to lower the average age of their membership, which CUInsight recently reported now stands at 47.

FIGURE 1: First-Time Homebuyers by Age Group



Source: Arch MI calculations using U.S. Census Bureau/Freddie Mac/NAR/Moody's Analytics data, assuming a 10 percent down payment.

The good, the bad, the ugly: the unfortunate truth is that the younger the borrower, the lower the average credit score (Source: Experian, “The State of Credit 2017”).

Not only does a lower credit score typically mean higher interest rates and limitations on qualifying products, it can also reduce potential buying power: the interest rate spread currently averages 1.59% between poor and excellent credit, according to Bankrate.

As payments go up with the interest rate, debt-to-income numbers will be yet another hurdle for new homebuyers.

The average credit score of a Millennial is 638.

— Source: Experian

So, how can credit unions become advocates for their members and create solutions that may translate to higher mortgage loan volume? One of the first steps is knowing your membership to be able to provide assistance where needed at each level.

A good start for a broad understanding of your state is www.experian.com/blogs/ask-experian/state-of-credit/. Since this is an overview of all credit data, not just mortgage, it is important to know about the different credit scores, when they are used and

how to quickly (and accurately) improve a borrower’s score.

The most popular score ranges include:

MODEL	RANGE OF CREDIT SCORES
FICO®	300–850
VantageScore® 2.0	501–990
VantageScore® 3.0	300–850
Experian Plus®	330–830
UltraFICO®	300–850

While each of these models has various uses in the credit industry, the models used throughout the mortgage industry (and approved by Fannie Mae/Freddie Mac) are: Equifax Beacon 5.0, Experian/Fair Isaac Risk Model v2, and TransUnion FICO Risk Score 04.

Did you know? The only types of inquiries that affect FICO® Scores are consumer initiated requests for credit.

Mortgage models are much older versions of FICO scoring models than Credit Karma, which is widely used by consumers.

While credit scores are a major factor in the decisioning process and

typically require a mid-score of 620 or higher, first-time homebuyers will also need to factor in how many credit lines they have on their file to avoid a “thin” file. This will likely mean at least six months of history on at least two active or recent tradelines.

Often these consumers do not have as many credit cards, and use peer-to-peer payments like Google Pay, Apply Pay or Venmo. These payment methods are only one click away with your mobile device, and are linked to a debit card, or direct from a bank account.

Typically, these types of transactions do not contribute to establishing your credit history. Depending on the type of tradelines and their limits, “non-traditional” credit, such as rent, utilities, and insurance may be able to be added manually. While these will not affect the credit score, it will help an underwriter to make a sound decision.

The UltraFICO® Score is a newer program offered by Experian to help address this issue, though it will likely not affect mortgage scores immediately as it is not currently offered by all three industry bureaus and has not been approved by the GSEs.

Inquiries do not do as much harm as you might think: the three major credit bureaus allow for similar inquiries to be grouped together and only affect the consumer’s score once. This is called ‘de-duplication’ and allows between 14-45 days of shopping (depending on credit model used) without additional negative impact. If an inquiry does impact a credit score, on average it is by less than 5 points.

—Source: fico.com

Helping first-time homebuyers create an action plan prior to application is ideal. But what options are available for the applicant that is not quite qualified, or very close to meeting the requirements for a lower interest bracket based on credit score?

Two of the best tools that lenders have available are widely used by mortgage brokers and banks, but are not utilized as often by credit unions are tradeline updates and Rescore.



The unfortunate truth is that the younger the borrower, the lower the average credit score.



Tradeline updates are a cost-effective way to quickly update a borrower's credit information, such as recent payments on credit cards and auto loans, or to verify if a recent payment was made. While these do not update the credit score, they can help with underwriting decisions, especially in a tight debt-to-income ratio situation.

A more costly solution is Rescore, but it does allow for a permanent change to the credit file with a score update. Having a credit partner that is familiar with the bureaus algorithm and reasoning, in addition to guidance and alternative options is a huge asset for your loan officers. The cost of a Rescore is usually offset by an approved mortgage or member satisfaction when they can move to an interest bracket that can potentially save them thousands over the mortgage term.

Letting your members know what is going to happen when their credit report is accessed is critical. Many consumers now have either a credit monitoring service or a credit freeze on their credit reports.

If your member has taken advantage of a credit monitoring service due to a recent data breach, they will get a notification when their credit is pulled. Depending on the type of monitoring service, they could receive a single notification, or three notifications, one

from each bureau when their credit report is pulled by your credit union. They will also receive notifications when a new tradeline is added for their new mortgage loan.

If your consumers have a credit freeze on their file, they will need to unfreeze it prior to the lender pulling credit.

FICO® Score

Minimum Standards: At least one open account for six months.



At least one account updated to the credit bureaus in the past six months.



No indication of deceased status on the credit report.



FICO® Score models include robust, recent information.

So, what should the first-time homebuyer be especially cautious of

before submitting their application? Here are a few tips from the professionals at ARC:

- Review your credit report, either at annualcreditreport.com or with your credit union.
- Continue to make payments on time.
- Avoid consolidating or restructuring loans.
- Talk to your loan professional before changing jobs.
- Stay with the same financial institution, and keep your money in the same accounts, if possible.
- Avoid any large purchases (car, furniture, etc.).
- Be truthful on your loan application.
- Keep balances on revolving debt under 25%. ▲

Crystal Rustad is a Regional Account Executive for the American Reporting Company, a premier credit reporting agency and appraisal management company. American Reporting Company (ARC) has offered clients an array of settlement services since 1986. Recently approved for the full suite of Day 1 Certainty® verification products, ARC is excited to bring educational topics to our changing industry. For more information about ARC, visit <http://www.arcreports.com/>.





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Increased Member Share Begins with Being 'Borrower-Obsessed'

By Claire Hamilton
Mortgage Cadence

Customer acquisition is one of the top five challenges for consumer lenders, according to Accenture Research. This comes as no surprise in today's competitive lending environment, as refinances are at the lowest level in years. The shift to a purchase market demands a renewed focus on increased mortgage production, or put another way, increasing your member share and becoming "borrower-obsessed."

Member share—the ratio of applications taken to total member base in the same calendar year—is one of the five key performance indicators of high performance lending. The recent Mortgage Cadence Benchmarking Study indicates that credit unions have room to expand member share, which can be the key to success in a competitive market.

THE FIRST-TIME HOMEBUYER FOCUS

First-time homebuyers make up the largest opportunity to increase your member share, as these buyers are largely made up of the Millennial generation, the largest generation by population in U.S. history. It is so large, in fact, that according to U.S. Census Bureau and First American Financial Corp., Millennials are expected to purchase 10 mil-

lion new homes over the next 10 years, and, by 2060, it's estimated that 20 million Millennials will become first-time homebuyers.

By attracting (and nurturing) these first-time homebuyers, credit unions could be looking at millions of new mortgages. Talk about increasing your member share! And credit unions must get their share.

Before we discuss the specifics of how to attract these up-and-coming borrowers, let's take a look at how your member share compares to your peers in the larger CU network.

MEMBER SHARE PEER COMPARISON

According to the National Credit Union Administration (NCUA),



first mortgage production for credit unions has increased by 0.1% over the past four quarters. Extend that period to the past seven years, and the increase jumps to 1.95%.

As for membership trends, there was a 4.5% increase in number of members over the last four quarters. For the past seven years, that increase has been 22.9%.

So what does this mean for member share trends? Since 2012, member share (the ratio of applications taken to total member base) has been on the rise. In 2017, the average member share was 1.31%, which was up 0.45% from the same measure in 2012. Although this measure is trending upward, there is still much room for growth beyond the 1% range.

INCREASING MEMBER SHARE

To find out where you stand as compared to your peer credit unions, be sure to calculate your own member share and compare to the averages detailed above.

“If you're selling mortgages on price, you're doing it wrong.”

TAKE THE NEXT STEP!

2019 ACUMA “DEEP-DIVE” 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. We’ll make sure you and your credit union are ready to take the next step for your mortgage-lending program—to be sure you’re ready to compete into the future and grow your business. We’re planning some new twists to the presentation format this year, too.

Here’s what we’ll be diving into at ACUMA’s 2019 Workshops:

- **STRATEGIES AND BEST PRACTICES** for gaining market share within your existing membership.
- **HOW TO SUCCESSFULLY IMPLEMENT** an “outside” sales team.
- **AFFORDABLE HOUSING OUTREACH** strategies.
- **TYING UP TRID AND HMDA LOOSE ENDS:** How credit unions are dealing with the details.
- **WHAT THE CHANGING APPRAISAL LANDSCAPE** means for your underwriting and collateral evaluation policies.
- **SUCCESSFUL STRATEGIES** for partnering with Realtors.
- **SOCIAL MEDIA:** Managing the good and best practices when the reviews don’t go your way.
- **BEST PRACTICES** for selecting and implementing a new LOS.

PLUS, we’ll have Facilitated Networking Roundtables on topics like:

- **MEASURING** borrower satisfaction.
- **HOW TO USE YOUR QC AND QA PROCESSES** to improve efficiencies and the member’s experience.
- **ALTERNATIVE WAYS TO GROW LOANS,** i.e., participations and brokered loans.

The workshops will take you on a “deep dive” into each of these topics, and more, from industry experts and some of your peers who have had success with their programs. The same program is presented in both cities; attend either event.



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19

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Once you've got the results, it's time to take action.

Above average? Continue to perfect the people, process, technology equation that unlocks high performance lending to attract even more borrowers and watch your member share skyrocket. Another task if your share is above average: grow your membership, or in other words, expand your potential borrower pool.

At or below average? It's time to hone in on the process variable in your people/process/technology equation. More specifically, hone in on your marketing process. Marketing as it relates to member share consists of three important considerations:

1. Product

What's your credit union's competitive advantage when it comes to your product offering? If there are specific loan programs that no one else in your market offers, this becomes your differentiator, giving you strong go-to-market positioning.

2. Pricing

If you're selling mortgages on price, you're doing it wrong. Unless you want to turn your product into a commodity in the minds of your prospects, you should not be selling on mortgage interest rate. But this does not mean that your pricing isn't important.

Instead, spend some time making sure that your mortgage offerings are priced appropriately versus your competition. This is important because, according to the Accenture and Mortgage Cadence 2018 Borrower Survey, more than 49% of borrowers will shop around and apply to more than one lender. Make sure you know what they're going to find when they reach out to your competitor.

3. Targeted Awareness

Once your products and pricing are fine-tuned, the

next step is targeted awareness. In a first-time homebuyer purchase market, it's not enough to simply target borrowers. You have to target them at the right time.

RIGHT PLACE, RIGHT TIME

Let's face it, mortgages aren't an important aspect of everyday life. Unlike coffee and cell phones, mortgages don't come up every day or every year. Instead, they're only important in the particular life stage when a mortgage is needed. After this particular moment passes, people shift their focus to the things that consistently matter.

If borrowers don't think about a mortgage until they need one, it only makes the timing of your marketing increasingly important. Millennials (and by nature, first-time homebuyers) are digitally native; they almost always start their homebuying search online. You have to pinpoint when these borrowers are starting to look for a home and educate them about your mortgage products.

You'll only make the mortgage if you reach your member at the opportune time.

This is where trigger marketing comes in handy. It involves setting up a marketing automation system to track consumer behaviors and then automatically sending targeted messages to prospects that exhibit certain behaviors,

such as visiting a web page that lists mortgage interest rates. This strategy ensures that mortgage prospects are getting the right messaging at the right time.

Additionally, many online advertising platforms now offer re-targeting services, which allows you to "follow" targeted prospects around the internet. So, as soon as a member visits Zillow, you can track this activity and send them a targeted email detailing your mortgage offerings.

Your efforts are much better spent on this type of targeted marketing than on mass



You'll only make the mortgage if you reach your member at the opportune time.



emails or general awareness campaigns, because you're not paying to market to an audience that isn't already interested in obtaining a mortgage.

Targeting Millennials who are considering buying their first home at the right time, within the digital platforms they're already using, not only allows you to tap into the growing purchasing power of this generation, but also increase your member share.

BEYOND FIRST-TIME HOMEBUYERS

But why limit targeted marketing strategies to first-time homebuyers? In a purchase market, where people are refinancing at some of the lowest levels in years, we need to care about all borrowers.

Focusing on first-time homebuyers is a fine (and likely rewarding) strategy, but don't let that focus pull you away from other lucrative demographics. The type of "right time, right place" marketing that works with first-time homebuyers will also work with second-, third-, and fourth-time buyers.

Being borrower-obsessed will help you find new mortgage members, as well as target existing members who are in the market for a mortgage. Finding, targeting, and nurturing these borrowers will push your member share higher while keeping the size of your team constant, ultimately resulting in long-term profitability and success. 

Claire Hamilton is a Content Marketing Manager at Mortgage Cadence in Denver, Colorado. By day, you can find her writing articles and press releases, creating targeted email campaigns, and curating website content. By night, you'll find her busy playing Settlers of Catan and taking excessive Snapchat photos of her canine son, Alpine. She is a proud alum of Denison University, where she received a degree in English, Spanish, and communication. Ask her about how to create authentic content. It's her secret talent.



Claire Hamilton



Focusing on first-time homebuyers is a fine (and likely rewarding) strategy, but don't let that focus pull you away from other lucrative demographics.



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Millennials

Why (and How) Credit Unions Should Be Chasing Millennial Homebuyers

By Brian Kneafsey
Blend



In 2019, the Pew Research Center estimates Millennials will overtake Baby Boomers as the nation's largest living adult cohort.

As this generation of people ages 22 to 37 reaches new levels of maturity, perhaps not surprisingly, they're turning out in droves to purchase homes and settle down; albeit, a few years later than most generations before them.

In the third quarter of 2018, 55% of the loans made to homebuyers went to first-time buyers, according to Genworth Financial. The National Association of Realtors reports the median age of first-time homebuyers across the country is 32, signaling to the larger market that Millennials are ready to own homes.

Just as the methods they use to get to work, pay their bills, shop for food, and select careers are different, so too is their approach to homebuying. Ellie Mae found that 43% of Millennials make their first contact with a lender online, a number that's expected to rise.

WHAT MILLENNIALS EXPECT

The expectations Millennials have for the mortgage process are also distinctly different than those of their parents.

They have heard rumors of how difficult and expensive the process is, they are generally skeptical of the economy because of the 2008 financial crisis, and they have grown accustomed to first-class customer service and technological innovation in other aspects of their lives.

Millennials don't understand why the process hasn't improved in decades, and they expect a better experience than their parents had three decades ago. They expect it to be tailored to them, to be completed at least in part digitally,

and they expect a high degree of attention from their lender.

Credit unions, which originate a relatively small proportion of overall mortgages, are uniquely poised to win a significant percentage of Millennials' mortgages as waves of them reach prime home-buying age and search for their first homes.

However, with an increasingly competitive market full of other options for getting a loan, winning that market share means credit unions must take the right steps to meet millennials where they are.

CREDIT UNIONS ARE SET UP WELL TO WIN MILLENNIALS' LOYALTY

"Members first" has become much more than the credit union mantra. As STRATMOR pointed out in its October 2018 report, "delivering a superior customer experience is the new competitive paradigm."

For the past few years, smart indus-

try leaders and consultants have been advising lenders to zero in on the consumer experience and invest in it heavily, or risk losing market share. But the importance of the member journey isn't news to credit unions.

Credit unions' focus on member experience has helped them through recent years as the mortgage market changed dramatically. While new products have emerged like Quicken Loan's Rocket Mortgage, traditional banks have seen their mortgage market share decline by 23% since 2012. On the other hand, credit unions have remained steady during that time with a market share between 6.1% and 7.6%.

When it comes to mortgages, a top credit union advantage is that they already have a loyal member base, including more than 54 million economic households throughout the United States. Banks and non-traditional lenders need to pay to acquire leads for loans, but credit unions can simply tap those it already holds deposits for.

Even so, credit unions are closing only one in six members' mortgages, according to STRATMOR, despite the fact that CUs are able to offer extremely competitive rates on the most common mortgage, the 30-year fixed rate, and they are able to offer lower closing costs on average while continuing to maintain a stellar reputation for member-centric service.

WHAT CREDIT UNIONS NEED TO FOCUS ON TO WIN MORE MILLENNIAL MARKET SHARE

Earlier this year in July, the Urban Institute released a report offering the lending industry several policy recommendations to increase Millennial homeownership. Among the top recommendations are enhancing financial knowledge and homeowner awareness, and streamlining the mortgage process using financial technology.

Credit unions, with a responsibility to reinvest their profits into their teams

and their members' services, have a unique advantage in that spending money on their mortgage experience makes perfect sense for their business model. Not only is it good for acquiring more mortgages from their member base in the short-term, but research from STRATMOR shows that once a member gets a mortgage from a credit union, they tend to become a customer for life.

To that end, investment in digital mortgage experiences is a strategic short-term and long-term goal.

With regard to enhancing financial knowledge, credit unions are uniquely poised to offer that, too. Again, they have a captive member base. Many of their members have been with the credit union since they were in their early teens when they opened a first checking account.

The expectations Millennials have for the mortgage process are distinctly different than those of their parents.

As trusted institutions who have been present throughout their members' lives, credit unions are well-placed to satisfy Millennial hunger for homeownership knowledge and advice.

Working in tandem, investment in transformative digital processes frees up time for credit union loan officers to spend more productive and personal time with members, providing valuable advisory services. Instead of talking about necessary documents and emailing back and forth, loan teams can talk to young homebuyers about how much they can really afford and what mortgage product is right for them.

Those advisory services, which can only be delivered by experienced personnel, are continuing to be in demand from the next generation of homebuyers.

For example, despite the shift to Millennials searching for their homes online, they still want to work with a Realtor to help advise them on the largest purchase of their lives.

“As trusted institutions who have been present throughout their members' lives, credit unions are well-placed to satisfy Millennial hunger for homeownership knowledge and advice.”



service at branches or over the phone so that young members can jump between channels and still complete the process in one seamless experience.

Fortunately for them, though, there are fewer changes needed in the back room than other traditional lenders because priority has always been focused on holistic member experience.

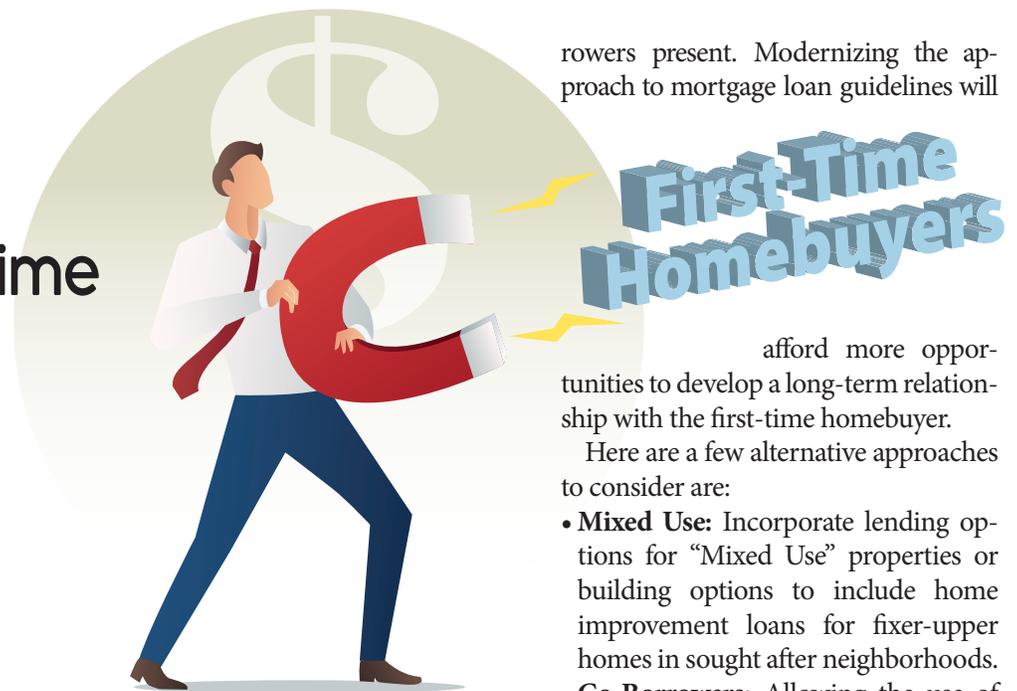
WHAT NEXT FOR CREDIT UNIONS WHO WANT TO ATTRACT MORE MILLENNIALS?

Investing in the home purchase experience is one of the best moves credit unions can make to attract Millennial members as they take the first steps toward purchasing a home. Ramping up mortgages is both a great way to build more capital to invest in both short-term and long-term ROI strategies and ultimately serve members better and make sure they stay on board for life.

Brian Kneafsey is the head of Client Operations for Blend, a consumer lending platform built to serve the future. Based in San Francisco with more than \$160 million in funding from top-tier investors, the Blend team is dedicated to making financial transactions simple, straightforward, and easily accessible--especially the homebuying experience.

Enticing First-Time Homebuyers with Effective Loan Options

By Kathleen Ayer and Rick Hughes
NFP Financial Institutions



The percentage of housing shoppers currently classified as first-time homebuyers is now 33% of all potential buyers, with many surveys indicating that the largest future housing buyer sector, the Millennials, is beginning to move into home ownership.

While this emerging market presents an opportunity for mortgage lenders across the country, the first-timers segment also presents a unique set of constraints. Understanding these challenges will allow lenders to smooth the process for the buyer and to create effective loan options that will guide buyers as they realize their home ownership goals.

Credit unions can be uniquely qualified to help with difficulties and assist with:

- **Affordability:** More likely to seek popular urban and “surban” (new or redeveloped areas with an urban feel) environments in which to reside, today’s first-time buyers are faced with alternate housing choices and higher priced entry points to the housing market.

- **Debt Load:** More than 50% of Millennials are carrying additional debt, with the average 2016 graduate holding more than \$37,000 in student loans compared to \$18,000 for the average 2003 graduate, according to a recent article in Forbes magazine (A link to the story

appears at the end of this article.)

- **Income Differences:** The current “gig economy” following the 2008 downturn occurred just as Millennials were finishing college and beginning careers, leading to a high number of independent contractors in this cohort, according to Forbes.



Many surveys indicate that the largest future housing buyer sector, the Millennials, is beginning to move into home ownership.



- **Lack of Savings:** With the debt load that millennials are carrying there is little to no savings for the purpose of a downpayment on a home.

Lenders can truly differentiate their mortgage approval process by re-thinking guidelines and considering some of the unique challenges these bor-

rowers present. Modernizing the approach to mortgage loan guidelines will

afford more opportunities to develop a long-term relationship with the first-time homebuyer.

Here are a few alternative approaches to consider are:

- **Mixed Use:** Incorporate lending options for “Mixed Use” properties or building options to include home improvement loans for fixer-upper homes in sought after neighborhoods.
- **Co-Borrowers:** Allowing the use of co-borrowers. Those co-borrowers may be multiple people and they may not occupy the property.
- **Income Strategies:** Consider tenant income, as it may be the only option to affordability for the potential buyer, and build allowances for independent contracting employment.
- **Built-In Debt Restructuring and Higher Loan-to-Value:** Providing additional allowance in loan-to-value or providing debt restructuring as part of the lending process.

So, while there are obstacles to reaching the first-time homebuyer market, there are solutions that can help your financial institution attract your share of that market. ▲

Kathleen Ayer is the Managing Director and Rick Hughes is the Senior Vice President of Underwriting for NFP Financial Institutions Programs. NFP is a leading insurance broker and consultant that provides employee benefits, property & casualty, retirement and individual private client solutions through licensed subsidiaries and affiliates. NFP’s expertise is matched only by its personal commitment to each client’s goals.

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Converting Mortgage Loan Prospects into Borrowers

With Rising Rates, Lenders Need to Look at Mitigating Risk

By Susan Graham

Financial Industry Computer Systems Inc.

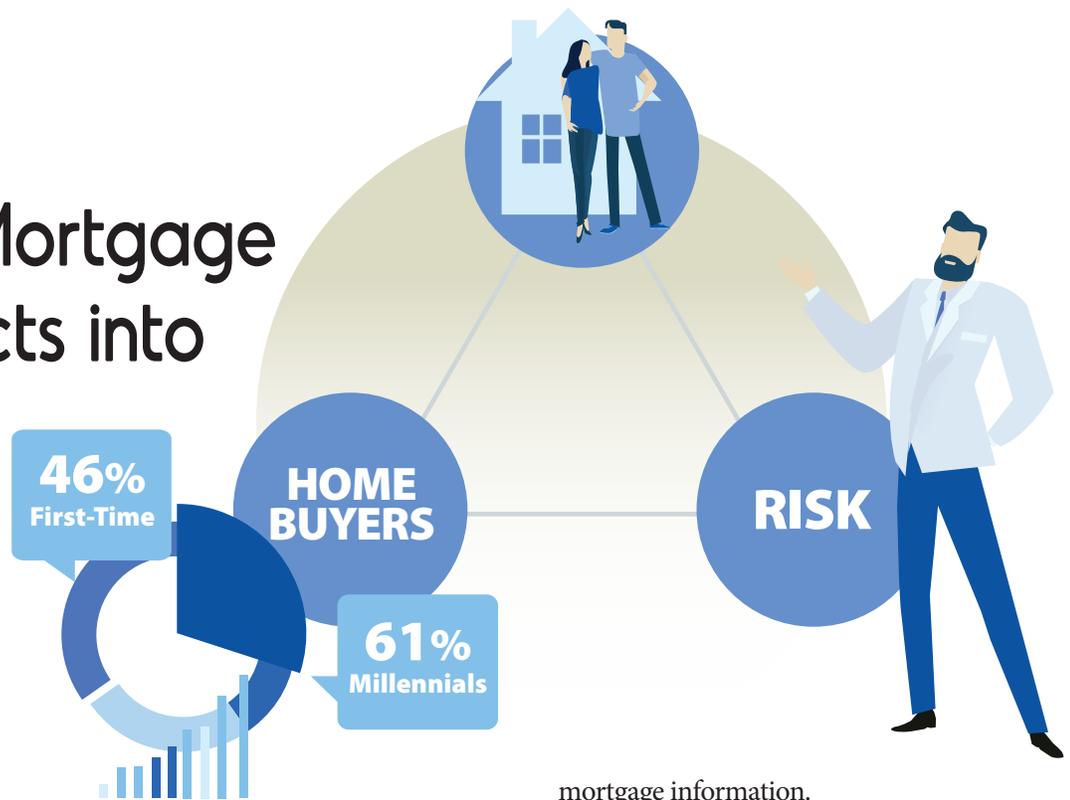
Forty-six percent of homebuyers are first-time buyers, a number that continues to increase, and 61% of first-time buyers are now between the ages of 24 and 38, according to a 2018 Zillow report.

Further, first-time homebuyers are more likely to shop around for a mortgage lender than repeat buyers, the report said. And more than half of first-time buyers contact two or more lenders (54%) vs. 37% for repeat buyers.

So, what steps can credit unions take to convert these shop-around prospects into borrowers? Here are some ideas.

1. Educate Your Prospects: With its plethora of loan products, unfamiliar jargon, and complicated forms, the mortgage application process can be intimidating, particularly for first-time buyers. Many consumers lack confidence in their personal knowledge of the mortgage process. Only 34% of respondents in a recent American Bankers Association (ABA) survey rated their knowledge about the mortgage process as above average or excellent.

Not surprisingly, first-time homebuyers are less knowledgeable about the



mortgage information.

Lenders and mortgage brokers can also play a significant role in helping determine the type of mortgage the consumer chooses. The NSMB found that up to 70% of borrowers choose their lender or broker before deciding on the type of loan. Lenders can clarify the process and assist in loan product selection by defining terms and explaining the pros and cons of various loan products.

Using a mortgage calculator can help mortgage applicants find the best loan products and rates. Mortgage comparison calculators allow side-by-side comparisons of fixed rate and multiple rate loans and produce amortization schedules for borrowers. Affordability analysis calculators tell applicants how much they can afford. Debt consolidation, refinance, and rent vs. buy calculators help borrowers make wise financial decisions.

2. Communicate Regularly with Prospects: Nurturing the relationship can be crucial for turning prospects into members. A Customer Relationship Management (CRM) system can automatically send regular emails to a lender's prospective borrowers. Automatically email prospects to keep them apprised of changes in interest rates, contacting them when the interest rate drops below the individual's particular threshold. A CRM can track whether

prospects open system-generated emails, so loan officers can follow up with interested parties right away.

3. Make It Convenient to Apply: In today's digital, I-want-it-now age, borrowers expect the mortgage process to be quick, easy, and transparent. Accordingly, mobile or online services are important to borrowers when obtaining a mortgage or making mortgage payments. Sixty-one percent of respondents to an ABA survey consider mobile and online services very important or somewhat important.

Fannie Mae's National Housing Survey of 3,000 people reveals that 72% of respondents prefer to complete their mortgage application online, while 66% want a fully digital mortgage process.

The percentage of homebuyers who apply online (vs. merely expressing a preference to do so) is somewhat lower but still significant. According to a JD Power survey of homebuyers, 43% applied digitally in 2017, up from 28% in 2016.

Potential borrowers should be able to apply for their mortgage online, attaching supporting documentation to their application. Today's loan origination platforms provide tools that let loan originators proactively follow up with borrowers who have started an application but not yet submitted it, and even take over the application to assist the borrower in completing it.

The best loan origination software also provides timely status updates and allows borrowers to view their disclosures online.

4. Provide Exceptional Customer Service: Although technology plays a critical role in a speedy mortgage application process, human relationships are still the most important ingredient for converting prospects into members. Even Millennials contact lenders in-person and via telephone during the mortgage application process. Therefore, lenders need to set themselves apart from competitors.

"Customer service is the most important factor when

you're looking to apply for a loan," says Rob Sickler, a loan originator with Mortgage Network Solutions quoted in a December 2018 U.S. News & World Report article. "A mortgage is a pretty standard product. What sets the best lenders apart is that when problems come up, they're going to give you the personal attention you need."

In one survey, customer satisfaction was highest for borrowers who spoke with their lender in person or by phone (instead of just using self-service tools) when applying for a mortgage. Personal contact with lenders is most important during the follow-up period after an initial inquiry and when confirming loan terms and payment.

One way to set yourself apart is to respond faster. Consumers expect prompt responses to their questions and requests for assistance. Customer satisfaction levels drop sharply for each day a borrower waits for a lender to respond to their inquiry, according to JD Power.

Lenders should also get to know their prospects and their unique needs. Are they first-time homebuyers? Is their credit less-than-stellar? Ask if they're looking for a specific loan type, like VA, USDA or FHA. The lender should then highlight the personal experience with similar borrowers, telling prospects how the lender can help them meet their individual needs. First-time homebuyers may need more education and guidance than more seasoned applicants.

5. Educate Your Turn-Downs: First-timers are more likely to be denied a loan before getting approved—29% of those who obtained a mortgage were denied at least once, compared with 8% of repeat buyers, according to a 2018 Zillow report. And 77% of first-time buyers who experience at least one denial before obtaining a mortgage contact multiple lenders.

Instead of just turning away unqualified prospects, lenders should help educate them on how to improve their credit so they can qualify for a loan in

the future. Even if it takes the prospects several months to raise their credit score, the grateful applicants may refer their friends and family to the lender in the meantime until they are in a better position for qualification.

Lenders should offer solutions and resources to help potential borrowers build good credit, such as including links to free credit-building articles and resources. These educational materials can live on the lender's website and can be distributed via social media posts. Lenders can post "tips of the day" about building good credit, explain what lenders are looking for on a mortgage application, and explain how to obtain the lowest interest rates.

6. And Some More Ideas: Other things lenders can do to help potential borrowers build good credit include:

- Providing a checklist of information needed to complete an URLA.
- Offering a free consultation about applying for a mortgage loan.
- Holding free seminars about how to qualify for a mortgage loan or how to raise your credit score.

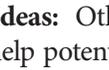
Credit unions can successfully convert applicants into borrowers by setting themselves apart from the competition. Utilizing technology to provide timely updates, offering educational resources, and developing a personal relationship can foster a positive customer experience that helps lenders retain satisfied borrowers for future transactions. ▲

Susan Graham is President and Chief Operating Officer of Financial Industry Computer Systems Inc. (FICS), a company specializing in cost-effective, in-house mortgage-origination, residential mortgage-servicing and commercial mortgage-servicing software for mortgage lenders, banks and credit unions. You can reach her at susangraham@fics.com.

“Although technology plays a critical role, human relationships are still the most important ingredient for converting prospects into members.”



“Although technology plays a critical role, human relationships are still the most important ingredient for converting prospects into members.”



“Fannie Mae's National Housing Survey reveals that 72% of respondents prefer to complete their mortgage application online, while 66% want a fully digital mortgage process.”



Susan Graham

Creating the Experience

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

By myCUMortgage

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

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

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

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

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

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

According to Lisa Peter, Retail Mortgage Manager for AurGroup Financial

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

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

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

WHY FIRST-TIME HOMEBUYERS?

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

homebuyer segment for two primary reasons.

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

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



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

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

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

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

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

BUILDING AND EXECUTING A PROGRAM

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

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

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

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

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

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

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

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

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

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

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

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



We focus on building relationships, not accounts and transactions.



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

WHAT’S NEXT?

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

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

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

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

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

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

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



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

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



Winning the Housing Battle

How Credit Unions Can Accommodate Millennial and First-Time Buyers to Increase Home Purchases

By LenderSelect Mortgage Group



The mortgage industry will continue in 2019 to respond to changes, as the Mortgage Bankers Association predicts interest rates will rise to 5.1% in the new year and will continue to hover around this level through at least 2021.

These higher interest rates, which began increasing in early 2018, have led to a significant decrease in refinances, with an additional 12.4% decrease expected in 2019. Despite this, purchase originations are expected to top \$1.2 trillion in 2019, a 4.2% increase over 2018.

Interestingly, Millennials currently make up nearly half of all buyers, but this group faces significant challenges in its journey toward homeownership. A combination of rising interest rates, increased home prices—the median existing home price rose 4.9% between 2017 and 2018—and a severe lack of inventory are stifling Millennials dreams of owning their own homes.

What can mortgage professionals do to sustain and support Millennials, and all first-time buyers, to encourage them to pursue homeownership?

UNDERSTANDING FIRST-TIME BUYERS

Millennials make up almost half of all homebuyers, according to Zillow, but did you also know over 60% of first-

time buyers are Millennials?

The average homebuyer earns a median household income of \$72,500 annually, with nearly a third earning less than \$50,000 and another third earning more than \$100,000, according to Brian Buffini's 2018 Real Estate Report.

First-time buyers tend to opt for buying in the suburbs or urban areas, with very few choosing to live in rural area. This makes sense because more than half of buyers desire to live in a walkable neighborhood. And, according to Zillow, 68% of Millennials and 66% of (younger) Generation Z buyers prefer a short commute to their job, as they are likely to use public transportation.

The layout of the home is less important to Millennials than older generations; however, more than a third of Millennials place a priority on having additional space to use for rental income.

FIRST-HOME CHALLENGES

It's important to take a close look at today's first-time homebuyers. Using research by Zillow, let's discuss the challenges associated with buying a first home.

It is no surprise that 73% of individuals rent before purchasing a home and over half consider renting while looking to buy. 74% of today's buyers opt to work with a real estate agent, and they are seeking a strategic partner to help them through the home buying process—someone with extensive knowledge and trustworthiness.

As a credit union, this is where you can take the upper hand and shine as the mortgage subject matter expert.

Over half of all buyers who seek a mortgage are concerned about qualifying for one and 52% put less than 20% down on a home. And 30% of first-time buyers, in particular, have concern when it comes to qualifying for a mortgage and 29% of them were denied at least once on their journey to obtaining a mortgage.

When it comes to finding a lender, younger generations are more willing than older generations to shop around before making a decision, with more than half of first-time buyers contacting two or more lenders.

A major struggle for many first-time buyers is the ability to put a full 20% down on a home, with less than a quarter of them able to do so. Many Millennials also face the struggle of an ever-increasing debt-to-income ratio due to growing student loan debt.

COMBATTING CHALLENGES

Despite the significant challenges many first-time buyers are facing in the current real estate market, there are many ways credit unions can encourage and support these buyers on their journey to homeownership.

1. Diversify Your Portfolio: With many types of mortgages available, avoid taking a one-size-fits-all approach toward lending. Building a diverse portfolio of

mortgage products allows you to expand your audience and provide options that many buyers are seeking in order to reach their goal of homeownership.

There are many low-down payment options available. In fact, buyers can take out a government-backed loan that allows for as little as zero percent down. Even an FHA loan requires just 3.5% down, making it a viable option for many Millennial and first-time buyers. And 45% of first-time buyers choose a government loan, so including these as part of your mortgage offerings could greatly expand your reach.

Credit unions sometimes overlook the government lending options, sending mid-tier and higher debt-to-income (DTI) borrowers to seek alternative lenders.

2. Provide Construction Loan Options: The lack of housing inventory has led to significant challenges for homebuyers, leading to affordability issues

in some regions.

Taking a different approach and cultivating interest in new construction is one way to combat this challenge, but it is important to ensure you provide construction loan options that will make homebuilding an affordable and viable option for buyers.

3. Offer Mortgage Education: One of the reasons younger generations have uncertainty toward purchasing a home is due to a lack of education regarding the home buying process. Offering tools and resources to Millennials and all first-time buyers can provide them the confidence needed to encourage a home purchase.

This can be done through one-on-one sessions, first-time buyer or credit education courses or even simply creating an online blog to share easy-to-read content related to the mortgage and home buying process.



Today's buyers are seeking a strategic partner to help them through the home buying process. As a credit union, this is where you can take the upper hand and shine as the mortgage subject matter expert.



If you're not providing educational opportunities online or in your branches, buyers may shop you strictly on rate and that can be a race to the bottom.

Again, this is an opportunity for credit unions to enter the mortgage space as a subject matter expert for potential home buyers.

4. Foster Agent Relationships: Sixty-two percent of buyers use referrals to find a mortgage lender, and 50% of them turn first to a real-estate agent for advice.

Knowing this, it would be beneficial to cultivate relationships with like-minded agents in your local area to establish a strong network that will be a win-win situation for both the lender and agent. This can help you get in front of buyers as soon as they begin the home search process, allowing you to provide the education and resources they are seeking on their journey to homeownership.

Marketing/advertising service agreements are not a necessity, since credit unions already have a large membership list filled with potential homebuyers to leverage when working with local agents.

In summary, despite the challenges many Millennials and first-time buyers face, there is a huge opportunity for credit unions to step in and provide the tools and resources buyers need to make purchasing a home a reality.

Offering a variety of mortgage products is one of the best ways to draw in younger and less experienced buyers, but it is equally important to provide the advice and support they need to feel confident in beginning their homebuying journey. ▲



Offering mortgage education tools and resources to Millennials and all first-time buyers can provide them the confidence needed to encourage a home purchase.



LenderSelect Mortgage Group is a full-service mortgage provider committed to empowering community

lenders with the necessary tools for growing a profitable mortgage platform. Please visit lenderselectmortgage.com/legal/disclosures/ for terms and conditions.

Finding Your Place in the 'Financial Ecosystem' of the Future



By Ben Rempe
LenderClose

Not unlike the biological ecosystems we studied in high school, the “financial ecosystem” is a large network of communities, all linked through cycles and flows.

The main difference, of course, is the cycles and flows in a financial ecosystem are manmade, and therefore, subject to more frequent—and arguably, more dramatic—changes.

The financial ecosystem of the future, as financial industry analysts describe it, will evolve thanks to two major forces in particular: 1) the digital transformation of legacy providers and 2) market disruption caused by new competitors.

envisioned. The company clearly seeks to connect buyers and sellers, lenders and borrowers, solving every problem confronted during a real estate transaction.

In other words, Zillow is becoming a complete, beginning-to-end home transaction ecosystem.

The buyers and sellers, lenders and borrowers that engage with Zillow are called “ecosystem drivers,” and they stand to benefit equally from a strong, all-inclusive marketplace for home transactions.

IDENTIFYING YOUR ECOSYSTEM DRIVERS

Credit unions looking to participate in (maybe even build) the financial ecosystem of the future, can start by identifying the ecosystem drivers already in their network.

Who are the borrowers, the real estate agents, the flood certificate providers and serving vendors with which you have relationships today?

How will your credit union's lending program fit into this new ecosystem?

HOLDING BORROWER HANDS, FROM BEGINNING TO END

Consider this: Until recently, no single provider offered enough services to satisfy borrowers through each mile-

stone in the complete home-buying experience. Yet, that's exactly what Zillow appears to be closing in on. In a very short period of time, the digital home-selling marketplace expanded by adding a home-buying program and a mortgage lending capability.

It's easy to see the future Zillow has



How can they be consolidated or better networked to streamline and personalize your lending officers' or your borrowers' experience?

As you consider these questions, remember, the success of a business ecosystem depends on the mutual benefit of all ecosystem drivers. Challenge your teams to innovate in a way that not only makes life easier for the credit union and your members, but also improves experiences, saves money or builds revenue for your partners.

As with any ecosystem, the potential for breakdown exists when any one part of the system fails to meet expectations. So, consider all the roles, duties and promises your credit union will need to fulfill to be a good partner in the ecosystem.

In other words, start small. Overcommitting is the surest way to fail. For inspiration, take a look at one of the travel ecosystem's most important players, Amadeus.

The firm provides its proprietary

technology to every community within the larger ecosystem, including airlines, hotels, railways, car rental companies and travel agencies. The result is what Amadeus' Chief Technology Officer Olaf Schnapauff referred to as completing the travel experience "door to door."

COMPETING IN AN EVOLVING LENDING SPACE

Lending ecosystems not only make the mortgage approval process fast; they make it better aligned with shifting borrower expectations.

No one questions whether mortgage lending is entering a new phase of digitization—least of all, consumers. As nearly every step of the process moves out of the paper world and into the electronic realm,

borrowers become less tolerant of the former. They expect more to happen, sooner, and want easy-to-access updates every step of the way.



Credit unions looking to participate in (maybe even build) the financial ecosystem of the future, can start by identifying the ecosystem drivers already in their network.



Today's borrowers at both ends of the FICO spectrum and everywhere in between enjoy a great and growing number of options for lending. Digital lenders promising "no paperwork," "approval in minutes" and "turn-around in less than two weeks" are getting consumer attention.

Right or wrong, members expect their credit union to play ball. It's crucial for 2019 to be the year your lending team makes the necessary changes to do exactly that.

THINK PLATFORM, NOT PRODUCT

Credit unions have a tremendous opportunity to lead development of the



financial ecosystem of the future. And, my colleagues and I believe the greatest chance for moving on that ambition quickly will be found in mortgages, moving eventually into countless other financial transactions.

Why is the mortgage lending department a great place to explore the possibilities? Loan officers are naturally connected to the myriad providers it takes to approve, underwrite and close a loan.

“Lending ecosystems not only make the mortgage approval process fast; they make it better aligned with shifting borrower expectations.”

“Credit union mortgage lenders must embrace the concept by demanding their providers deliver platforms rather than products. The value of platforms is the facilitation of exchanges between two or more groups.”

Airbnb, for example, is a platform that connects people who have a place to stay with people who need a place to stay.

The platform model is not necessarily new. Think about farming co-operatives, which have operated successfully for decades. It's the digital platform model that is facilitating sweeping changes. The proliferation of the internet, as well as a consumer comfort with both the shared economy and the gig economy, are making the digital platform an essential ecosystem driver.

Becoming familiar with it through partnerships allows your credit union staff to more easily envision their place in a larger ecosystem, financial or otherwise.

FINDING THE RIGHT PLATFORMS TO ACCELERATE TRANSFORMATION

Platforms, even digital ones, focus less on technology and more on experience.

So, as your lending team gets strategic about networking with different platform providers, ask questions about the problems they are trying to solve for borrowers. There is no doubt you will be bombarded with marketing hype that promises the most advanced technological solutions on the planet; the real meat to the sales pitch is found in a provider's consumer centricity.

A few conversation starters for your talks with platform providers:

- How is the member kept at the front of every transaction?

- Are the technologies backing up the platform continually improving?
- How do you find creative solutions when you come up against technology limitations?
- Does your system allow the member to have constant access to his or her information?

In short, obsessive focus on the borrower is how you separate platform pioneers from product pushers.

Operational efficiencies will be one of the keys to delivering a new kind of experience borrowers—and staff—increasingly expect. A change in mindset is the other critical piece to moving the needle on transformation.

“Credit union mortgage lenders must embrace the financial ecosystem concept by demanding their providers deliver platforms rather than products.”

It's true “ecosystem” has become something of a buzzword among business futurists. But, the word represents so much more than a terminology fad.

Closing the gap between what members want today and what they'll need tomorrow is not something the average credit union has the resources to accomplish in a vacuum. Explore the growing number of digital financial platforms out there for your members. They can be your greatest ally, helping you remain a vibrant and healthy contributor the financial ecosystem of the future. ▲

Ben Rempe is COO of fintech CUSO LenderClose. With API connections to every vendor it takes to originate a mortgage or HELOC, LenderClose gives loan officers immediate access to a comprehensive suite of reports and services. Contact Rempe at brempe@lenderclose.com.



Ben Rempe

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Frictionless Lending

*Lenders Must
Learn to Harness
Technology, or They
Risk Being Left Behind*

By Finicity and MortgageHippo

Originating loans is time-consuming for both borrowers and lenders.

Borrowers have to print statements, complete forms and photocopy proof of identification before physically submitting the documents to the lender.

Lenders then have to manually process the documents, making sure the information provided is accurate--or at least hoping it's accurate.

However, digital solutions are transforming the finance industry, and the lending industry is no exception. With greater access to a rich set of data, mortgage loan origination can move from weeks to days, information will be more accurate and up-to-date, and the experience for borrowers and lenders will be radically improved.

Customers in general are increas-

ingly turning to financial institutions (FIs) offering the most convenient apps and tools. Lenders need to learn how to harness technology so they can embrace a digital lending experience, or they risk getting left behind.

A DIGITAL WORLD

According to Jim Marous, a top financial technology ("fintech") influencer and publisher of the Digital Banking

Report, removing friction from the customer journey is one of the top banking trends in 2017. In a recent edition of his report, Marous argues that FIs, including credit unions, must employ digital technology to address customer pain points, such as streamlining the user experience.

This effect can be observed in the service industry as a whole. After all, we complete a range of transactions on mobile devices these days, from ordering a ride to booking a hotel room. And this trend is set to continue: PricewaterhouseCoopers reports that an entire generation, which they refer to as Generation C (for connected), will have grown up in a digital world by 2020.

Consumers expect the same level of convenience from their FIs. 11% of respondents to Accenture's 2016 Consumer Digital Banking Survey



who switched financial institutions in the previous year said they moved to an online or virtual one. The survey also reveals that one of the most common reasons for switching FIs is to simplify the process of purchasing a home. And clearly, this is just the beginning.

For loan origination, digitization means the process is poised to become quicker and easier for both lenders and borrowers.

FOR THE LENDERS

Increase Efficiency: Automating the input and verification of documents speeds up the loan origination process--up to 12 days in some cases. Access to deeper and more accurate information also positions lenders to

make better credit decisions and ensure greater accuracy, and the GSEs are reacting to this. All of this frees up loan capital to be deployed elsewhere.

Reduce Costs: According to the Mortgage Bankers Association, the average cost of originating a loan jumped from \$5,779 in 2013 to \$7,845 in 2016 and has continued to climb to \$8,957 in 2018, while the net income per loan dropped from \$1,772 to a net loss of \$118 in Q1 of 2018.

Lenders using digital solutions don't just save time, they can cut costs and boost their bottom line, turning a loss into a gain.

Combat Fraud: Doctoring a paper copy of a document required to support a loan application is easy. CoreLogic's latest Mortgage Trends Report found that U.S. lenders received 12,718 fraudulent mortgage applications in the second quarter of 2016 alone. Digital solutions pull data straight from the financial institution, reducing the borrower's involvement to give permission to the lender to access their accounts.

FOR THE BORROWERS

Convenience: Today's borrowers demand a smooth and intuitive experience. To compete, lenders must meet this expectation and provide a digital point-of-sale system that centralizes

the loan process in one easy-to-use space for borrowers.

A digital platform can,

and should, do so much more than complete a 1003. Borrowers can benefit from automation by giving permission to lenders to access their financial data directly from their FI, rather than spend time tracking down paper copies of documents like bank statements and submitting them to the lender.

A web app can condense this process into a few easy steps taking a matter of minutes while accessing a variety of accounts.

Broader loan availability: Borrowers who are thin or "no file" shouldn't automatically be excluded from securing a loan. For instance, they may only have a poor credit score because they don't use a credit card. Digital solutions allow lenders to make a loan decision based on a person's income, assets and cash flow along with their credit score. The result is a more robust and real-time view.

DATA-DRIVEN DECISION-MAKING

Data is at the heart of digitization, so the financial sector is uniquely positioned to harness this trend.

Credit unions, like all FIs, generate a ton of transactional data. And according to the World Payments Report, each person in the United States completes more than 400 non-cash transactions a year. Of course, that figure doesn't take into account other

“One of the most common reasons for switching FIs is to simplify the process of purchasing a home.”



involvement to give permission to the lender to access their accounts.



Data is at the heart of digitization, so the financial sector is uniquely positioned to harness this trend.



payments like utilities, rent and cell phone bills.

All these data potentially provide a financial institution with a rich view of a customer's financial health, which could feed into various aspect of its business, particularly enhancing credit decisioning.

However, too many FIs rely on legacy processes incapable of handling this volume of information, never mind deriving value from it. They need access to the next generation of digital tools to successfully harness the data.

That's where data aggregation and analytics comes in.

A data aggregation solution gathers data from various sources and delivers it in a format which helps to provide valuable insight into the subject. In the case of lenders, it pulls information from different accounts and presents an overall picture of a potential borrower's financial health to help with the credit-decisioning process.

Data aggregation and verification solutions should tie in with the mortgage point-of-sale or digital platform used by the lender. These innovative technologies can work together through open API to create the most efficient mortgage process.

VERIFICATION OF ASSETS

Verification of Assets (VoA) is the first data aggregation-driven solution currently on the market. It provides a full picture of a borrower's assets that could influence the credit decision by obtaining data—preferably including the Financial Institution Transaction ID to verify each transaction—about balances and transaction details from different account types and from multiple providers.

As mentioned earlier, a web app can streamline this process for the borrower. The app typically sits within the lender's workflow and lets a borrower permission the lender to access a

report compiled from transaction data directly from an FI. It effectively condenses document submission to three simple steps: choose an FI, log in and then select the accounts to share.

OTHER SOLUTIONS

There are other solutions coming online in the market.

A Verification of Income tool will allow lenders to track various sources of income arriving in multiple accounts at different FIs and to identify gaps and trends in income that could affect the loan decision. Lenders will also enjoy a richer view of a borrower's financial situation thanks to a cash flow analysis which will categorize various types of account transactions data, from income to expenses.

When researching a verification solution, particularly in mortgage lending, it should incorporate protections from Fannie Mae and Freddie Mac and provide a dispute management process for the consumer.

Fannie Mae and Freddie Mac have launched initiatives aimed at streamlining the mortgage origination process for lenders and borrowers.

Through Fannie Mae's Desktop Underwriter® and Freddie Mac's Loan Advisor™ platforms, lenders can verify income and assets and receive freedom from representations and

warranties regarding the accuracy and integrity of the data.

If the provider is registered as a Consumer Reporting Agency, borrowers can challenge adverse actions directly, request a free copy of their verification report and update any inaccuracies hurting their qualification.

DIGITAL TRANSFORMATION

Financial services are evolving. Lenders have to keep up with the digitization of the service industry in general by making life easier for borrowers.

Data aggregation solutions allow lenders to streamline the origination of loans and reduce costs, while borrowers benefit from a more convenient application process and broader loan availability.

Lenders must embrace the digital transformation of the financial sector or risk getting left behind.

Finicity provides financial data APIs, credit-decisioning tools and financial wellness solutions by partnering with financial institutions and fintech providers to give consumers a leg up in a complicated financial world. To learn more, email business.development@finicity.com or visit Finicity.com.



At the forefront of technology and innovation, MortgageHippo partners with lenders to wow their customers and drive efficiencies to their mortgage operations through the use of its consumer-centric digital lending platform. To learn more, visit mortgagehippo.com.

DEFINING DIGITIZATION'S LINGO

- **Prequalification:** Reviewing a prospective borrower's overall financial health when deciding if they qualify for a loan offer.
- **Decisioning:** Using data to determine a borrower's suitability for a loan and on what terms.
- **Verification:** Streamlining the process for both the lender and the borrower by verifying a borrower's financial situation through automation.
- **Risk Modeling:** Providing deeper insight into the cash flow in and out of a borrower's account.
- **Monitoring:** Ongoing monitoring of a borrower's financial health once a loan has been originated.

Technology Is Getting Members into Homes Faster

By Fannie Mae

As one of the largest credit unions in Pennsylvania, Police and Fire Federal Credit Union (PFFCU) realized early on that it had to adapt to the changing mortgage market.

Today's borrowers are using their computers and mobile devices to find homes and research mortgages, so PFFCU adopted technologies available widely in the mortgage industry to make sure its members were getting the best loans, quickly and efficiently.

Using commercially available programs like the Desktop Underwriter® (DU®) validation service and Day 1 Certainty®, PFFCU is able to provide its members with the services of a much larger mortgage lender while giving them the personalized attention of a credit union.

'SPEED OF EXECUTION IS EVERYTHING'

PFFCU Senior Vice President Joseph Pazienza was one of the early adapters of mortgage technologies within the credit union.

"Day 1 Certainty is a big reason why we are performing better," Pazienza said. "Speed of execution is everything."

"Obtaining income and employment information

from the borrower and having it validated in an instant has proven to be a time- and hassle-saver for our members," Pazienza noted. "Plus, not having to get an appraisal is huge!"

Police and Fire Federal Credit Union is a direct-to-consumer operation, meaning there are no mortgage brokers and no Realtors® between

the loan advisors and the potential homeowners. Because loan advisors have such a close relationship with their members, they knew what mattered: speed and efficiency.

Using digital validation methods and partnering with vendors like Equifax and The Work Number allows members to know early on in the mortgage process whether they're going to receive income and/or employment validation.

“PFFCU loans are seeing turnaround times three days faster than the industry average.”

PFFCU took it one step further and customized fields within its lending platform (Ellie Mae's Encompass Lending Platform™) in a way that allows the CU to analyze and store loan data, further decreasing data entry errors.

Not only are members happier with the results, but the credit union has also strengthened the way it uses the system by scaling their workforce and creating a system that can be learned quickly by staff.

TECHNOLOGY HELPS BUILD A CONFIDENT STAFF

Pazienza said he believes one of the greatest benefits the credit union has seen from the adoption of digital data validation comes from the conviction he sees in his staff. When speaking to members, loan advisors can give accurate information early on in the loan process, which helps PFFCU maintain member business, despite serious competition in the industry.

"At the point of sale, the loan advisor has more confidence to talk to the member about the DU validation service and give them factual information while they're on the phone," said Pazienza. "Members love the instant validation."

"And when we tell them that they don't have to get appraisals, combined with income and employment validation, it's high fives all around."

That is probably in no small part due to the fact that PFFCU loans are seeing turnaround times three days faster than the industry average reported in Ellie Mae's 2018 October Origination Insight Report.

"People want to close loans faster, but mortgage lending has become a bit more complicated than it used to be," Pazienza said. "Day 1 Certainty helps to solve that." ▲

Want to find out if DU validation service and Day 1 Certainty are right for your organization? Already using the technology but want to find out how to use it to increase speed and efficiency like PFFCU? Check out www.fanniemae.com/day1certainty or contact your Fannie Mae relationship manager.

Four Ideas to Make Space for Learning

By Juliet Funt
WhiteSpace at Work

Despite the hectic pace of modern work, many organizations take an additive approach to learning initiatives. Participants are expected to develop new skills while also keeping up with their many day-to-day responsibilities.

How can employees, whose plates are already overflowing into evenings and weekends, greet a new training program or initiative with enthusiasm?

1. CLEAR THE TABLE

Examine programs you've delivered to this audience of employees in the past five years. Lay out a mental map of all the threads of these programs that are still taking learners' time or mental energy.

Retire practices that are no longer critical to your success and may only be hanging around due to inertia.

2. FIND SACRIFICIAL LAMBS

Next, if your course takes an hour a week, take the time to think of where learners will find the time in their schedule. Instead of viewing learning as an additive, it's good to think reductively first.

Working together with your leadership team, find something the learn-



ers can let go of—even just for a little while. Prime candidates might be a monthly meeting or a report that provides little tactical value.

In your launch communications, show your target audience that you respect their current workload, and you've freed up space for learning.

“Show your target audience that you respect their current workload, and you've freed up space for learning.”

3. TAKE LESS THAN YOU GIVE

Make it your goal to eliminate more time than your training program will consume. Do the rough math of what your reductive work will save versus what your initiative will consume for learners.

Be generous in your timeframes because tasks often take longer than expected when lifted from the paper into action.

And don't keep this ratio a secret.

If skeptical learners see that you are taking two hours a month off of their plates only to request one back, you can use their gratitude toward the success of your new training program.

4. CREATE FEEDBACK LOOPS

In a new initiative, it's important to have an ear to the ground to be able to make the necessary course correction. Make sure learners are given the time and opportunity to share their feedback and ideas with you about how the program could support them more.

Don't assume that folks will go out of their way to give you these thoughts; they really are too busy. Build the feedback space into your instructional design, so it's an integral part of the process.

Finally, take time before your teaching to create space. In so doing, you maximize traction and you pre-solve some of your learner engagement issues. Best of all, you set learners up for the things we all hope for: self-generating enthusiasm that yields successful and sustainable outcomes.

“If skeptical learners see that you are taking two hours a month off of their plates only to request one back, you can use their gratitude toward the success of your new training program.”

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.



Julie Funt

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. She has given permission to reprint this article in the Pipeline.



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JOSEPH PAZIENZA, SENIOR VICE PRESIDENT, POLICE AND FIRE FEDERAL CREDIT UNION

For even more reasons, visit [getday1.com](https://www.getday1.com).



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Is Your LOS Right for You?

By Alexis Anderson
and Craig Bechtle
MortgageFlex Systems



First-time home buyers can make mistakes. It's easy to get lost along the path when applying for a loan.

That's why lenders pay close attention to their customers and help guide them through the process. As important as it is to close a loan quickly and efficiently, it's also important to have the efficient technology supporting you throughout the process.

Some lenders say that their current Loan Origination System (LOS) has cost them more time and money no matter what the channel. They say they are paying more for a LOS that isn't configured or tailored the way they want it.

LOS CHECKLIST

When looking for a LOS vendor, it's important to keep a checklist of your wants and needs. Three components that should be at the top of the list are efficiency, security and cost-containment.

1. Efficiency: An effective LOS allows differentiation. The key is a balance between controls that ensure a quality loan and the freedom to adapt to changing conditions.

One way to accomplish this is by automatic workflow, business rules and an image-based function. This creates an efficient digital environment to get the job done.

Another helpful function when managing your pipeline is a direct CRM integration. It allows easy access to follow-up with leads without having to exit the platform.

By having these functions, you can assert your business structure and have full control of your model.

2. Security: With the most recent news of security breaches happening everywhere, it's important to take

preventive measures.

Microsoft Cloud Services is a good platform for hosting. It can protect you. Its cost-effective method provides an encrypted and reliable database that keeps information safe.

Access to the Cloud Services infrastructure is managed and monitored by experts 24/7. It uses active geo-replication, which creates a second copy for the database in a different region from your primary.

3. Cost-containment: Origination is where money is earned, as well as where it's spent. If operations were

“As important as it is to close a loan quickly and efficiently, it's also important to have the efficient technology supporting you throughout the process.”

more efficient, less earned money would be spent and would instead be retained. The way lenders eliminate run-ups isn't the pay-per-loan model; instead, it's allowing for multiple people to access multiple loans at once.

But people can waste time and money on multiple screens. It makes sense, then, to use one screen that has multiple functions. This all leads into trusting a reliable vendor.

Platforms exist today that can originate all types of loans, including mortgages, HELOCs, consumer, auto, 203Ks, USDA, 203Bs, construction, bridge and manufactured housing loans.

Relying on a single LOS means the lender has better information on every borrower being served, giving customers the feeling that their financial institution really knows them. It also reduces overall maintenance and training costs.

WHAT MAKES A GOOD VENDOR?

Having the most advanced technology doesn't make a LOS vendor the best choice. It's having the right people behind the LOS that makes it great.

That's why lenders should be aware of monetary-driven LOS vendors. They are not people-focused. Choose a vendor that has integrations and values that align with your own.

It's important to provide lenders with digital tools to support them throughout the process. In two years will they still talk about a great online application process? Or will they mention that their mortgage rarely crosses their mind because "the process just happens."

If your LOS isn't right for you, venture out and see what else is there.

Keep in mind the checklist when doing your research. If you keep your focus on efficiency, security and cost-containment, you'll find the vendor right for you--one that will help accomplish the process of working with a first-time homebuyer quickly and efficiently. ▲

Craig Bechtle is the COO of MortgageFlex Systems with more than two decades of experience. Alexis Anderson is the corresponding marketing executive at MortgageFlex Systems. Visit www.mortgageflex.com for more information.



When looking for a LOS vendor, at the top of the list are efficiency, security and cost-containment.



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ACUMA 2018 CONFERENCE

Takin' it to the **STREET** IN LAS VEGAS

ACUMA unveiled a “Takin’ It to the Street” theme for its Annual Conference last September at the Bellagio Hotel and Resort in Las Vegas. The three-day program emphasized making connections, collaborating, creating new ways of doing business.

The innovative agenda featured nationally known speakers like Luke Williams (disrupters), Ruth Sherman (communication) and Scott Stratten (branding and relationships), as well as industry leaders such as Michael Fratantoni (MBA), Brian Lauer (NACUSO) and John McKechnie (Capitol Hill insider and former NCUA and CUNA official). The popular Digital Mortgage Showcase again featured demos by industry leaders.

As always, the ACUMA event provided first-rate networking opportunities, superior hotel and conference services (including hot breakfast and lunch provided daily; receptions on two of the evenings).

Last year, the setting was a gorgeous location on the Las Vegas Strip; in 2019 the Conference will move to the beautiful National Harbor on the Potomac River outside of Washington, D.C. (Check the acuma.org website for details of the upcoming conference and spring workshops in San Diego and Nashville.)



ACUMA's Tracy Ashfield discusses "Advancing Your Mortgage Strategy" with Sunmark FCU's Alissa Sykes and UW Credit Union's Julio Rios.



Compliance expert Kris Kully untangles the issues around MLO compensation



MBA Chief Economist Michael Fratantoni shares "An Economic Update on Housing and Mortgage Finance."



Industry blogger Rob Chrisman of the STRATMOR Group shares his forecast on mortgage lending in 2019.



Author/Professor Luke Williams talks about how to transform your organization with disruptive thinking.



Networking opportunities abound during the conference, including receptions, meals and breaks.



Hot breakfast and lunch buffets are included with conference registration.



Attendees learn about the latest solutions during demos at the Digital Mortgage Showcase.



Tracy Ashfield poses CUSO questions to Servion CEO Brad Crandall; Tim Mislansky, President of myCUMortgage; and Brian Lauer of Messick Lauer & Smith, P.C.



Mountain America's Nanette Graviet leads a panel discussion on digital mortgage technology with DocMagic's Tim Anderson; Fannie Mae's Shane Hartzler; and MESCORP's Brendon Weiss.

Takin' it to the STREET

Communications expert **Ruth Sherman** shares ideas on improving communication.



ACUMA President **Bob Dorsa** makes sure the program runs smoothly.



Washington insider **John McKechnie**, Senior Partner at Total Spectrum, offers insights on legislative and regulatory issues.



Branding and Relationship guru **Scott Stratten** explains how to “stop marketing and start engaging” in his *UnMarketing* presentation.



HONORS, AWARDS AND RECOGNITIONS

Making a Difference

■ Vantage West Receives \$950,000 in CDFI Funding

TUCSON-BASED VANTAGE WEST CREDIT UNION, southern Arizona's largest credit union, was recently awarded \$950,000 from the U.S. Treasury's Community Development Financial Institutions Fund (CDFI Fund), fueling its initiative to serve low-income and underserved groups in the community to spur economic development.

The grant award will expand Vantage West's services to southern Arizona residents and businesses that historically lack access to financial services. It will further enhance the credit union's capacity to serve low-income and traditionally underserved groups with fairly priced financial products and services to meet their needs.

Of the total, \$250,000 will be directed to focus on persistent poverty counties served by the credit union.

In receiving its CDFI certification in 2018, Vantage West (\$1.9 billion assets, 150,000 members) joined more than 1,000 CDFIs nationwide.

Certified CDFIs are a part of a network promoting economic growth in America's underserved communities by financing businesses, creating jobs, rebuilding neighborhoods and providing access to consumer financial products.

■ Redwood Credit Union Names New Manager of Mortgage Lending

REDWOOD CREDIT UNION has promoted LAUREEN BARNES to manager of mortgage lending. Barnes will implement and lead the Santa Rosa, Calif.-based CU's residential mortgage lending channels with a focus on providing excellent service and sound lending.

Barnes joined the mortgage lending team at RCU (\$4.4 billion assets, 322,000 members) two and half years ago as an assistant manager. She began her career in the mortgage industry in 1990 and worked in various positions at **FIRST SECURITY LOANS, OLD REDWOOD MORTGAGE, SIB MORTGAGE, AEGIS WHOLESALE** and **BAY EQUITY HOME LOANS**.

Barnes currently serves on the Board of Directors for **VERITY**, an organization that strives to eliminate violence with a special focus on sexual assault and abuse. She also serves at **HEARTHSTONE VILLAGE**, a nonprofit dedicated to building healthy communities for those in need of care and support.

■ Kris Kully Named President-Elect For Women in Housing and Finance

KRIS KULLY, a compliance expert and frequent speaker at **ACUMA** events, has been named President-Elect of **WOMEN IN HOUSING AND FINANCE**, a nonprofit forum in the Washington, D.C. metropolitan area for business and policy experts to share their views and insights.

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.

LENDER CLOSE

LenderClose Adds Five Associates to Sales and Engineering Teams

Des Moines, Iowa-based LENDERCLOSE, which offers a platform that digitizes the underwriting process and speeds up the lending cycle, has announced the addition of five associates to its team.

CLIFF HILL joins as senior engineer alongside four new sales development representatives, TOR GACH, CHRISTEN JONES, SEAN KASTLI and BENJAMIN PROFFITT.

Hill has more than 15 years of software development experience. He comes to LenderClose from **BENEFITS IN A CARD**, where he served as director of information technology and led the production, testing and development of the company's flagship product, **Benefits Wizard**.

Gach joins LenderClose from **EXPRESS LOGISTICS**, where he served as inside sales representative. Jones previously was a logistics account executive for **TOTAL QUALITY LOGISTICS**, where she developed the company's sales pipeline and nurtured relationships with existing customers.

Kastli comes from **IMAGE SPORT**, where he served as a leader in the sales team for more than 20 years. Proffitt has held four positions within **COMMUNITY CHOICE CREDIT UNION** in 17 years, most recently as a digital consumer loan officer.



Cliff Hill



Tor Gach



Christen Jones



Sean Kastli



Benjamin Proffitt

■ Navy Federal Among People Magazine's 'Companies That Care'

NAVY FEDERAL CREDIT UNION was listed among People magazine's 2018 "50 Companies That Care."

The inaugural "50 Companies" list honored those with 1,000 or more employees that showed extraordinary compassion for their employees, their communities and the environment, as well as being military friendly and embracing diversity.

Navy Federal came in 36th on the list. The credit union was cited for its "Dollars for Doers" program, under which it awards \$1,000 grants to nonprofits where its employees volunteer.

Also on the list: **VETERANS UNITED HOME LOANS** at No. 12 and **QUICK-EN LOANS** at No. 17.

■ TruHome Solutions Earns Ellie Mae Award, Raises Money for Homeless

TRUHOME SOLUTIONS, a credit union-owned mortgage CUSO, was named the 2018 ELLIE MAE Hall of Fame winner for Digital Mortgage Excellence.

Each year, this honor is given to a company that distinguishes itself in the industry with use of Ellie Mae technology. The organization was honored for leading the marketplace in digital mortgage solutions and its commitment to creating an outstanding member experience. (See accompanying photo.)

"We were honored to accept this award and will continue to grow and evolve the true digital mortgage experience for our partners," said **SHARA WESSEL**, Vice President of Mortgage Solutions. "As a CUSO and private-label mortgage provider, we will continue to invest in the software needed to provide the most efficient and cost-effective program for our credit union partners."

CHARITABLE DONATION: Along with other volunteer events throughout the year, TruHome employees also raised \$4,146 for Mortgage Professionals Providing Hope (MPPH). The funds provided housing for four families in need.

professionals Providing Hope (MPPH). The funds provided housing for four families in need.



Shara Wessel, Vice President of Mortgage Solutions, and Brent Powers, Director of Mortgage Solutions, accept Ellie Mae's 2018 Hall of Fame Award for Digital Mortgage Excellence on behalf of TruHome Solutions.

■ CU Members Mortgage Launches Mortgage Lending Roadshow

CU MEMBERS MORTGAGE has launched a new formatted event for 2019 – the Mortgage Lending Roadshow. Events are planned in Memphis on April 4-5, Denver on July 11-12 and Philadelphia on August 8-10.

The workshops will feature educational content for mortgage lending professionals who are looking for ways to lend faster, smarter and better. It will also include networking opportunities allowing credit unions to share their experiences and learn from others.

Each workshop will have sessions such as mortgage lending trends, cutting costs, workflow optimization tactics, member service best practices, how to grow your pipeline, and networking opportunities to connect you with your peers and industry leaders.

Speakers include **PATRICK ADAMS**, CEO/President at St. Louis Community Credit; **TRACY ASHFIELD**, Credit Union industry consultant and trainer; **DAVID MOTLEY**, 2017-2018 MBA Chairman and CU Members Mortgage President; **STEVE HEWINS**, SVP of CU Members Mortgage; **MIKE FRATANTONI**, Chief Economist for the Mortgage Bankers Association; and **SCOTT SHERWIN**, professional speaker and trainer for **SALESMASTERY CONSULTANTS**.

"The mortgage industry is very complex and we hope having this Roadshow format with multiple locations and dates will make it easier and more affordable for credit unions to take a step away from the office and join us," said Hewins.

To learn more about the upcoming Roadshow and to register, visit www.NationalLendingConference.com.

■ 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 (150 dpi) identifying the person being honored (name, title, organization). Deadlines are November 15 for the Winter Issue and May 15 for the Summer issue.



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Real Estate Continues to Dominate

By Tracy Ashfield

I have been watching credit union mortgage activity since 1989. It's hard to believe that was 30 years ago.

You might be interested in knowing that 30 years ago, in 1989, the Mortgage Bankers Association reported total U.S. residential mortgage originations reached \$453 billion. Credit unions captured \$6.4 billion, or 1.4% of market share that year.

Considering the number and market share of mortgage loans CUs originate these days makes me think of the famous (and even older than 1989) television commercial tag line, "You've come a long way, baby!"

“Credit unions are working hard to be their members' choice for home loans.”

We are far from knowing what our 2019 volume will be, but what we do know is how things looked at the end of third quarter 2018. According to the Callahan & Associates peer-to-peer data, first mortgage balances grew 9.9% in the third quarter, and now first mortgages comprise 40.9% of the credit union loan portfolio.

That's a bigger chunk than any other product. Yes, credit unions have come a long way.

It may not surprise you that many credit unions are holding more first mortgage loans on their balance sheets. Sales to the secondary market represented only 32.3% of the loans granted in the third quarter of 2018. Higher rates seem to be making the investment more attractive to many.

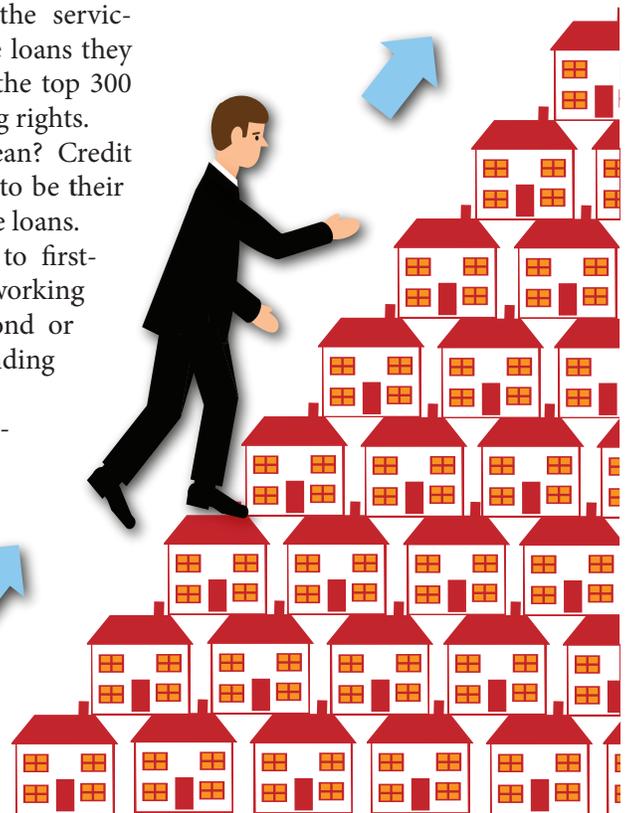
In the ranking report that follows you'll see another trend: More credit unions are retaining the servicing rights on many of the loans they grant. More than 250 of the top 300 are holding on to servicing rights.

What does all this mean? Credit unions are working hard to be their members' choice for home loans.

- They are reaching out to first-time homebuyers and working hard to grant that second or third loan to a long-standing member.
- They are using the secondary market actively to manage interest rate and credit risk.
- They are using their balance sheets wisely, crediting niche products that meet the needs of today's homebuyers.

At the end of the third quarter credit unions had granted more than \$106 billion, made over 521,000 mortgages and reached 8.5% market share in 2018.

Tracy Ashfield is a mortgage consultant for credit unions and the President-Elect of ACUMA.



Top 300 First Mortgage-Granting CUs Market Share as of Sept. 30, 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	83,886,062,639	351,031	303,556,919,534	28,944,036,515
All Originating CUs (3,142 CUs)*	106,833,778,576	520,901	423,416,024,156	34,537,063,230
Top 300 Share	78.5	67	71.7	83.8

*CUs who granted \$10,000 or more 01/18 - 09/18

Continued →

Top 300 First Mortgage-Granting CUs Market Share as of Sept. 30, 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	\$11,920,923,087	43,881	\$33,231,922,319	\$6,231,998,875	\$32,469,041,743
2	NC	State Employees'	\$2,457,399,286	14,422	\$16,793,612,814	\$143,397	\$114,725,116
3	MI	Lake Michigan	\$2,158,427,754	10,206	\$3,805,777,175	\$1,041,520,242	\$7,325,338,683
4	VA	Pentagon	\$2,006,276,000	5,082	\$11,582,561,211	\$636,819,591	\$6,137,221,287
5	CA	First Tech	\$1,606,662,659	3,343	\$5,281,149,917	\$669,173,709	\$4,673,106,868
6	WA	BECU	\$1,506,932,622	5,575	\$6,313,362,543	\$489,593,975	\$3,697,923,253
7	NY	Bethpage	\$1,335,428,029	4,305	\$3,600,695,986	\$759,994,154	\$5,537,476,798
8	ID	Idaho Central	\$995,688,484	5,061	\$1,450,450,568	\$597,118,845	\$2,003,341,642
9	UT	Mountain America	\$951,983,707	5,582	\$2,333,098,431	\$397,681,706	\$1,587,694,027
10	CA	Logix	\$950,924,800	1,996	\$3,624,159,417	\$134,757,751	\$1,646,580,950
11	CO	Elevations	\$928,429,867	2,536	\$857,606,022	\$705,860,666	\$3,651,148,646
12	AK	Alaska USA	\$864,477,149	2,531	\$961,202,932	\$600,292,362	\$5,023,939,519
13	CA	SchoolsFirst	\$855,526,417	2,413	\$3,686,337,758	\$118,173,888	\$1,788,920,282
14	IA	University Of Iowa Community	\$834,178,242	3,419	\$2,897,008,813	\$416,404,212	\$75,051,217
15	UT	America First	\$745,304,844	5,377	\$1,223,411,955	\$303,226,280	\$2,475,767,548
16	MA	Digital	\$729,316,525	1,843	\$2,222,126,501	\$284,316,387	\$2,379,187,908
17	OR	OnPoint Community	\$664,524,175	4,350	\$1,751,101,192	\$353,768,346	\$1,942,471,580
18	WI	Landmark	\$660,728,131	3,321	\$1,195,153,872	\$312,830,157	\$2,416,796,110
19	WI	Summit	\$657,589,397	3,317	\$1,609,412,795	\$238,622,392	\$1,872,026,505
20	TX	Security Service	\$649,464,516	3,632	\$2,448,973,229	\$164,632,099	\$1,379,846,495
21	CA	Golden 1	\$641,301,756	2,704	\$2,759,798,153	\$155,285,373	\$800,445,728
22	CA	Patelco	\$628,068,163	1,110	\$2,853,407,164	\$71,234,282	\$964,428,222
23	TX	University	\$613,180,191	2,070	\$928,722,250	\$516,523,690	\$1,700,863,724
24	NV	Greater Nevada	\$612,251,359	182	\$245,562,073	\$119,455,069	\$579,805,271
25	UT	Utah Community	\$607,866,830	3,848	\$433,070,300	\$169,992,211	\$689,791,289
26	IA	Veridian	\$586,793,817	2,779	\$1,345,278,445	\$199,859,605	\$117,496
27	CA	Kinecta	\$541,047,894	927	\$2,017,101,857	\$115,182,182	\$3,043,805,274
28	TX	Randolph-Brooks	\$538,206,581	3,568	\$2,685,428,917	\$252,315,125	\$763,846,429
29	CO	Ent	\$528,493,567	2,003	\$2,298,123,961	\$121,841,178	\$813,802,481
30	IL	BCU	\$522,589,002	2,258	\$1,391,831,993	\$258,605,878	\$2,206,413,914
31	IL	Alliant	\$503,644,290	839	\$4,434,740,714	\$35,584,400	\$398,541,620
32	WI	University Of Wisconsin	\$480,677,811	2,331	\$704,877,024	\$288,809,000	\$2,050,003,828
33	NC	Coastal	\$474,820,391	2,048	\$1,037,705,278	\$199,154,152	\$1,611,276,976
34	CA	San Diego County	\$467,701,397	1,101	\$3,550,060,458	\$0	\$571,242,132
35	TN	Eastman	\$462,596,848	3,336	\$2,378,709,063	\$71,913	\$2,687,923
36	OH	Wright-Patt	\$450,389,445	3,263	\$1,071,676,160	\$37,883,307	\$4,082,556,678
37	WI	Royal	\$445,148,706	3,616	\$936,802,213	\$179,408,370	\$1,614,864,967
38	KS	CommunityAmerica	\$438,816,795	2,116	\$639,740,923	\$309,084,813	\$2,217,822,839
39	NY	United Nations	\$437,653,207	914	\$2,212,897,812	\$21,280,040	\$231,110,128
40	FL	Suncoast	\$434,298,356	2,510	\$2,439,939,187	\$177,399	\$289,094,277
41	NY	State Employees	\$430,506,390	2,302	\$964,645,755	\$265,834,175	\$1,935,882,363
42	CA	Stanford	\$419,741,014	433	\$1,591,375,308	\$30,935,510	\$588,135,381
43	MN	Wings Financial	\$415,766,125	1,481	\$1,773,091,747	\$50,447,626	\$335,371,569
44	FL	VyStar	\$414,584,618	2,475	\$2,489,556,810	\$5,298,364	\$219,700,085
45	NY	CAP COM	\$402,393,418	2,141	\$920,273,149	\$225,715,210	\$965,350,602
46	WI	Community First	\$390,356,824	2,418	\$1,835,799,276	\$18,401,050	\$2,129,195
47	GA	Georgia's Own	\$388,724,607	679	\$608,309,267	\$232,768,298	\$184,004,208
48	DC	Bank-Fund Staff	\$386,619,596	784	\$2,399,447,897	\$1,367,300	\$251,218,871
49	IN	Evansville Teachers	\$386,493,840	2,512	\$562,197,706	\$223,175,976	\$434,460,753
50	CA	Redwood	\$385,788,650	917	\$1,647,726,173	\$110,810,750	\$904,980,877

Top 300 First Mortgage-Granting CUs Market Share as of Sept. 30, 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	\$377,798,161	1,520	\$2,063,064,620	\$113,301,258	\$343,971,268
52	IL	CEFCU	\$361,575,515	1,735	\$2,482,765,176	\$5,000,000	\$54,704,476
53	AZ	Desert Financial	\$353,943,127	1,550	\$828,931,981	\$235,475,210	\$1,810,206,391
54	CA	Mission	\$353,275,837	666	\$1,421,218,335	\$53,626,550	\$949,535,790
55	CA	SAFE	\$351,905,867	907	\$1,138,145,357	\$112,491,565	\$787,775,596
56	CA	Chevron	\$351,572,855	968	\$2,396,428,367	\$0	\$9,816,409
57	CA	Wescom	\$344,964,932	1,160	\$1,302,368,617	\$32,162,663	\$997,637,193
58	PA	Members 1st	\$328,172,012	2,082	\$866,270,774	\$147,372,446	\$200,420,496
59	RI	Navigant	\$317,944,791	1,384	\$1,284,724,522	\$39,454,350	\$290,910,528
60	NY	Teachers	\$317,401,696	316	\$1,892,388,954	\$43,376,933	\$1,264,237,521
61	TX	American Airlines	\$310,479,506	1,253	\$2,092,578,189	\$0	\$2,669,872
62	CA	Premier America	\$299,345,150	280	\$1,538,067,215	\$30,452,520	\$253,416,399
63	MN	TruStone Financial	\$297,717,352	1,622	\$395,866,409	\$228,161,103	\$918,888,272
64	CA	Star One	\$292,091,852	629	\$3,238,438,111	\$259,565	\$5,560,394
65	NY	Visions	\$291,943,737	1,519	\$1,696,845,823	\$57,500	\$74,965,872
66	WI	Altra	\$291,257,756	1,591	\$603,961,350	\$152,615,953	\$998,524,294
67	CA	Provident	\$289,938,218	482	\$1,205,189,437	\$51,078,630	\$1,374,978,399
68	OH	General Electric	\$289,166,203	859	\$1,010,245,842	\$0	\$0
69	CO	Bellco	\$282,952,605	670	\$1,011,139,155	\$48,060,962	\$665,224,766
70	WA	Numerica	\$281,035,405	1,047	\$711,385,335	\$94,461,464	\$484,052,898
71	PA	American Heritage	\$272,463,026	727	\$727,951,558	\$118,411,943	\$855,619,909
72	NC	Local Government	\$269,564,097	1,831	\$718,726,489	\$105,473,155	\$0
73	NJ	Affinity	\$268,712,309	1,004	\$1,867,121,898	\$119,400	\$121,604,471
74	UT	Goldenwest	\$267,785,623	962	\$433,864,218	\$135,909,936	\$4,622,888
75	TX	TDECU	\$259,490,312	1,772	\$1,039,516,653	\$65,668,083	\$562,135,203
76	PA	Police And Fire	\$258,806,416	1,357	\$1,366,912,199	\$86,340,906	\$725,269,800
77	VA	Virginia	\$257,400,620	1,255	\$889,756,406	\$117,248,590	\$288,617,038
78	VT	New England	\$251,595,276	1,175	\$654,095,531	\$132,835,005	\$1,394,287,044
79	NY	Hudson Valley	\$245,335,813	972	\$1,007,279,291	\$96,746,166	\$1,337,431,319
80	WA	STCU	\$244,222,316	871	\$1,124,846,577	\$20,216,355	\$146,956,189
81	WI	Westconsin	\$238,222,415	1,336	\$449,945,434	\$93,118,566	\$919,841,088
82	MA	Metro	\$236,823,821	570	\$680,391,077	\$66,415,754	\$800,466,109
83	RI	Pawtucket	\$235,501,679	1,144	\$1,304,917,609	\$25,384,589	\$206,330,074
84	CA	Financial Partners	\$233,109,354	396	\$581,715,463	\$120,983,554	\$973,473,241
85	WA	Gesa	\$223,510,592	862	\$489,353,911	\$91,239,831	\$458,218,837
86	MI	Michigan State University	\$222,909,198	1,254	\$1,352,744,904	\$16,898,158	\$38,225,578
87	VA	Langley	\$222,136,325	817	\$656,193,093	\$17,942,398	\$145,975,123
88	NV	One Nevada	\$221,887,619	866	\$170,943,182	\$181,555,538	\$110,888,788
89	TN	ORNL	\$221,235,069	1,076	\$841,780,633	\$18,286,623	\$440,951,270
90	CA	UNIFY Financial	\$220,839,203	261	\$1,174,857,503	\$33,618,310	\$323,282,318
91	SC	Founders	\$219,011,789	1,607	\$915,630,643	\$0	\$0
92	FL	Fairwinds	\$218,716,307	1,284	\$907,888,702	\$82,884,597	\$310,803,077
93	MD	Andrews	\$217,313,470	790	\$542,450,150	\$314,541,266	\$1,211,384,709
94	AZ	OneAZ	\$217,027,785	908	\$629,548,007	\$121,674,660	\$879,673,720
95	VA	Northwest	\$215,253,054	618	\$740,004,283	\$93,709,123	\$1,432,525,993
96	NY	Nassau Educators	\$214,533,782	325	\$851,334,955	\$41,676,750	\$471,470,738
97	TX	Advancial	\$214,414,257	573	\$578,931,105	\$57,689,061	\$453,933,999
98	CA	American First	\$212,527,439	279	\$357,427,660	\$134,142,203	\$623,172,467
99	WA	Washington State Employees	\$210,412,071	868	\$703,855,892	\$42,353,525	\$1,532,342,571
100	WI	Fox Communities	\$203,682,895	1,513	\$1,027,192,026	\$16,518,836	\$114,104,756

Top 300 First Mortgage-Granting CUs Market Share as of Sept. 30, 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	VA	Apple	\$195,900,419	455	\$1,035,589,174	\$77,048,990	\$518,198,340
102	CA	California	\$195,357,528	485	\$1,200,090,715	\$61,128,044	\$942,135,788
103	WI	CoVantage	\$191,092,709	1,622	\$736,463,176	\$51,963,148	\$270,584,669
104	SC	South Carolina	\$189,882,146	755	\$674,100,856	\$57,653,355	\$251,834,825
105	IA	Collins Community	\$189,034,649	931	\$541,478,170	\$73,561,556	\$73,083,553
106	IN	Elements Financial	\$188,789,918	767	\$577,866,918	\$66,770,510	\$0
107	MI	United	\$187,948,763	976	\$1,122,769,915	\$98,689,189	\$291,416,365
108	MN	Central Minnesota	\$187,544,621	733	\$502,597,448	\$62,245,857	\$267,565,726
109	PA	Citadel	\$186,601,456	497	\$1,412,722,696	\$46,946,943	\$482,909,532
110	FL	MidFlorida	\$184,976,333	882	\$883,862,740	\$92,664,212	\$716,766,337
111	IN	Purdue	\$184,254,182	1,698	\$669,478,438	\$67,165,683	\$466,192,912
112	PA	Pennsylvania State Employees	\$183,958,212	1,700	\$1,159,535,355	\$0	\$157,394,928
113	IA	Dupaco Community	\$180,811,621	1,152	\$371,504,180	\$94,323,975	\$721,624,428
114	AL	Redstone	\$178,268,396	1,342	\$483,996,487	\$82,689,273	\$670,907,216
115	MN	Affinity Plus	\$177,191,169	979	\$548,454,150	\$109,332,211	\$1,336,163,346
116	TX	Austin Telco	\$176,973,337	605	\$577,655,565	\$2,437,511	\$0
117	WI	Capital	\$176,779,290	1,070	\$719,095,937	\$21,092,165	\$190,285,471
118	PA	TruMark Financial	\$176,559,967	539	\$781,376,240	\$37,758,136	\$530,034,797
119	MI	DFCU Financial	\$174,718,167	1,095	\$550,187,204	\$99,026,336	\$798,562,121
120	NM	Nusenda	\$173,919,749	578	\$578,488,603	\$73,078,342	\$460,345,571
121	CO	Canvas	\$173,635,394	420	\$367,958,234	\$66,087,382	\$414,456,982
122	TN	Ascend	\$173,156,371	844	\$770,075,345	\$0	\$0
123	CA	Orange County's	\$171,904,060	454	\$657,146,323	\$92,436,098	\$687,464,966
124	FL	Campus USA	\$171,464,275	833	\$587,171,451	\$121,500	\$36,301,072
125	NY	ESL	\$169,463,765	758	\$606,189,285	\$89,506,111	\$1,042,025,993
126	MD	State Employees Credit Union of Maryland	\$169,386,097	741	\$1,536,348,496	\$62,556,000	\$895,493,465
127	IN	Teachers	\$169,191,901	882	\$1,125,597,524	\$1,238,986	\$2,491,817
128	CA	Meriwest	\$165,636,304	194	\$685,916,176	\$48,022,650	\$789,257,397
129	CA	Technology	\$164,675,011	208	\$996,979,271	\$0	\$145,943,301
130	FL	GTE Financial	\$163,125,571	682	\$558,623,232	\$75,569,563	\$1,289,563,856
131	CA	Partners	\$159,878,620	507	\$505,350,112	\$94,411,606	\$812,588,424
132	DC	NASA	\$158,953,450	444	\$646,290,782	\$55,346,836	\$44,647,755
133	WA	Whatcom Educational	\$158,465,399	566	\$811,069,768	\$24,908,479	\$439,132,442
134	MS	Keesler	\$158,252,692	859	\$615,788,711	\$0	\$17,056,260
135	IN	Forum	\$157,284,710	791	\$266,519,424	\$109,293,860	\$898,600,211
136	OR	Advantis	\$157,062,550	514	\$507,444,922	\$56,092,258	\$887,172,114
137	IL	Deere Employees	\$154,101,468	790	\$494,167,074	\$24,567,000	\$16,571,562
138	AZ	TruWest	\$153,277,202	380	\$406,701,502	\$34,157,860	\$163,616,897
139	IN	Interra	\$153,017,239	619	\$527,394,734	\$20,772,220	\$33,749,115
140	TX	GECU	\$152,607,092	1,430	\$483,683,715	\$97,699,266	\$554,693,030
141	KY	L & N	\$152,486,633	647	\$738,943,257	\$10,260,983	\$120,179,732
142	TX	Navy Army Community	\$151,372,958	1,166	\$1,037,585,658	\$0	\$6,800,627
143	ND	Town and Country	\$149,218,288	739	\$175,991,843	\$69,830,065	\$22,391,739
144	CA	Nuvision	\$148,770,593	347	\$697,064,172	\$43,926,935	\$587,932,621
145	UT	Cyprus	\$148,382,227	530	\$208,511,136	\$53,173,521	\$0
146	NY	USAlliance Financial	\$143,222,207	210	\$568,571,164	\$3,236,522	\$174,324,402
147	CA	Firefighters First	\$142,450,764	391	\$726,386,964	\$14,029,464	\$206,493,456
148	MO	Anheuser-Busch Employees'	\$141,872,541	675	\$507,435,086	\$51,119,468	\$403,222,912
149	IN	3Rivers	\$141,302,074	754	\$329,795,842	\$75,320,618	\$413,360,634
150	OH	Superior	\$141,128,143	1,038	\$321,853,179	\$71,955,201	\$756,922,504

ANNUAL CONFERENCE RETURNS TO EAST COAST THIS YEAR!

**FIND OUT
WHAT'S NEXT
IN MORTGAGE
LENDING**



ACUMA will be back in the Washington, D.C. area at the Gaylord National Resort for its 2019 Annual Conference, September 22-25. With nearly 500 attendees, the premier credit union mortgage-lending conference offers:

- **INDUSTRY-LEADING SPEAKERS**, cutting-edge topics.
- **EASY ACCESS** from Washington National (Reagan) airport.
- **DISCOUNTED REGISTRATION** for ACUMA members.
- **EXTENSIVE** networking opportunities.
- **INTRIGUING** panel discussions.
- **VARIETY** of general and breakout session topics.
- **BEAUTIFUL VENUE** in an entertainment district along the historic Potomac River.
- **THREE-DAY FORMAT** (plus opening night reception on Sept. 22).
- **BREAKFAST AND LUNCH** included; reception.

22 **SEPTEMBER 2019***
25
**GAYLORD NATIONAL RESORT
AND CONVENTION CENTER
NATIONAL HARBOR, MARYLAND**
(Outside Washington, D.C. along the Potomac River)



**Hotel check-in and opening night reception on Sunday, September 22. Conference program begins Monday morning, September 23 and ends at midday on Wednesday, September 25.*

VISIT ACUMA.ORG

The ACUMA website will have details of the the 2019 conference including hotel and registration information, in the second quarter of 2019. We'll have an agenda filled with industry leaders and nationally known headliners.

Top 300 First Mortgage-Granting CUs Market Share as of Sept. 30, 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	MA	Jeanne D'Arc	\$140,261,656	367	\$916,811,748	\$55,345,989	\$125,703,716
152	NY	Sunmark	\$138,714,622	849	\$257,521,553	\$79,042,285	\$0
153	CA	Travis	\$138,628,070	463	\$611,375,682	\$59,938,862	\$469,162,808
154	MA	Harvard University Employees	\$137,871,060	357	\$401,972,050	\$27,819,345	\$368,888,752
155	CA	California Coast	\$137,551,089	377	\$739,485,626	\$19,171,905	\$202,413,008
156	NY	Empower	\$136,494,947	898	\$349,418,001	\$72,059,290	\$618,765,450
157	NH	Service	\$135,673,682	416	\$890,999,761	\$0	\$0
158	OR	Oregon Community	\$135,607,260	727	\$389,292,124	\$24,572,626	\$0
159	CA	USE	\$134,730,889	248	\$413,768,766	\$4,001,450	\$198,327,948
160	WA	Columbia	\$134,106,482	459	\$482,895,126	\$41,198,075	\$281,749,362
161	CA	KeyPoint	\$133,399,604	210	\$566,956,571	\$72,556,474	\$348,176,270
162	MI	Honor	\$132,183,717	909	\$346,761,417	\$52,490,781	\$315,040,586
163	CA	San Mateo	\$132,167,071	236	\$441,967,661	\$21,958,298	\$73,308,341
164	SC	Sharonview	\$131,517,915	770	\$826,662,934	\$1,280,010	\$12,436,448
165	UT	University	\$131,374,491	606	\$230,364,967	\$63,835,913	\$378,530,990
166	NC	Allegacy	\$129,004,285	642	\$322,563,971	\$43,246,682	\$68,258,773
167	NY	Polish & Slavic	\$126,635,200	482	\$903,402,087	\$0	\$57,049,625
168	NC	Truliant	\$126,010,485	843	\$525,543,910	\$63,734,793	\$29,608,746
169	NM	Sandia Laboratory	\$125,678,263	400	\$672,526,611	\$16,790,400	\$31,299,895
170	MA	Workers	\$124,241,985	267	\$631,936,734	\$22,542,994	\$212,189,433
171	NH	St. Mary's Bank	\$124,191,889	584	\$328,296,934	\$71,644,676	\$573,947,606
172	TN	Knoxville TVA Employees	\$124,081,814	870	\$589,413,047	\$8,406,361	\$0
173	MI	Michigan Schools and Government	\$122,190,146	604	\$613,543,803	\$8,606,768	\$50,349,590
174	IN	Indiana University	\$121,437,378	533	\$477,477,351	\$6,919,820	\$5,412,272
175	MA	Rockland	\$120,415,402	314	\$576,234,953	\$27,657,844	\$205,950,480
176	VA	Dupont Community	\$119,500,430	655	\$524,389,353	\$26,198,257	\$70,312,940
177	MO	First Community	\$118,957,906	714	\$378,434,466	\$42,942,571	\$559,675,589
178	WA	Harborstone	\$118,563,565	228	\$434,405,454	\$0	\$76,955,579
179	CA	Schools Financial	\$118,495,238	469	\$329,600,668	\$12,634,500	\$171,773,058
180	IN	Indiana Members	\$118,384,581	1,184	\$537,849,475	\$29,075,028	\$34,629,033
181	PA	Franklin Mint	\$117,668,113	300	\$383,488,479	\$36,599,012	\$455,718,194
182	CT	American Eagle Financial	\$117,577,759	527	\$626,740,255	\$25,191,874	\$368,189,802
183	OR	Unitus Community	\$117,549,435	554	\$370,664,247	\$65,689,757	\$537,375,131
184	HI	Hawaii State	\$117,193,666	211	\$296,691,886	\$64,708,507	\$263,011,746
185	MT	Whitefish	\$115,907,025	578	\$758,530,394	\$0	\$0
186	NY	Municipal	\$114,083,455	393	\$878,403,002	\$0	\$20,775,265
187	CO	Premier Members	\$113,798,087	303	\$395,807,339	\$12,827,354	\$150,193,561
188	MA	St. Anne's Of Fall River	\$113,347,945	291	\$583,045,160	\$20,404,017	\$320,155,313
189	WA	iQ	\$112,033,627	275	\$243,967,220	\$47,903,229	\$188,451,603
190	MN	Spire	\$111,728,470	719	\$380,927,929	\$37,295,288	\$8,162,398
191	OR	Rogue	\$110,776,084	594	\$241,953,102	\$82,845,910	\$145,121,002
192	VA	State Department	\$110,362,587	305	\$646,138,280	\$0	\$134,771,911
193	IN	Notre Dame	\$108,882,053	585	\$241,977,929	\$24,702,996	\$204,805,981
194	NY	AmeriCU	\$107,332,278	749	\$561,393,851	\$16,850,975	\$270,220,604
195	AK	Denali	\$106,424,564	355	\$90,159,580	\$67,734,785	\$95,584,664
196	MD	Tower	\$106,283,579	388	\$423,222,208	\$56,389,796	\$1,027,996,963
197	UT	Deseret First	\$105,929,457	467	\$138,197,869	\$96,810,776	\$0
198	MI	Dow Chemical Employees	\$105,741,501	733	\$457,216,932	\$14,013,731	\$66,604,070
199	SC	SRP	\$104,834,989	641	\$208,568,694	\$41,214,137	\$0
200	CA	SF Fire	\$104,620,040	185	\$486,153,711	\$0	\$275,786,859

Top 300 First Mortgage-Granting CUs Market Share as of Sept. 30, 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	CO	Westerra	\$103,722,886	378	\$419,051,659	\$35,375,837	\$389,982,384
202	PA	Freedom	\$103,650,314	388	\$327,572,126	\$13,325,682	\$85,244,340
203	TX	First Community	\$103,574,375	294	\$401,725,879	\$2,541,354	\$76,322,378
204	NM	U.S. Eagle	\$103,324,450	246	\$235,093,609	\$7,304,192	\$0
205	WI	Educators	\$102,963,833	711	\$891,957,728	\$55,305,730	\$180,935,116
206	AR	Arkansas	\$102,206,349	786	\$287,160,421	\$36,090,955	\$121,600,672
207	TX	EECU	\$101,502,271	526	\$328,239,879	\$22,935,766	\$185,658,236
208	CT	Charter Oak	\$100,356,706	516	\$608,373,248	\$10,657,515	\$171,307,155
209	TX	Texas Tech	\$100,081,538	546	\$30,652,286	\$95,054,611	\$0
210	LA	Jefferson Financial	\$100,063,838	305	\$301,746,493	\$0	\$10,971,533
211	IL	Vibrant	\$99,248,335	749	\$255,811,548	\$34,954,785	\$222,173,717
212	OK	Truity	\$98,919,435	461	\$161,011,780	\$76,568,400	\$628,175,180
213	WI	Verve, a	\$98,655,250	519	\$526,732,518	\$36,682,070	\$254,814,240
214	WA	Sound	\$98,611,196	371	\$371,411,456	\$41,571,100	\$0
215	IL	Great Lakes	\$96,612,489	211	\$246,821,077	\$23,883,782	\$261,265,277
216	TX	A+	\$96,595,530	630	\$480,657,697	\$0	\$0
217	WA	TwinStar	\$95,857,280	426	\$180,922,374	\$49,325,036	\$390,178,128
218	IN	Centra	\$95,669,200	691	\$478,398,904	\$20,301,069	\$178,300,972
219	AL	APCO Employees	\$95,496,377	545	\$608,413,863	\$0	\$0
220	OR	Maps	\$95,348,491	644	\$307,781,036	\$35,023,897	\$0
221	ID	Potlatch No 1	\$95,144,719	426	\$249,261,964	\$16,082,103	\$312,081,773
222	GA	Atlanta Postal	\$92,771,346	369	\$457,226,054	\$0	\$0
223	KY	Park Community	\$92,526,935	529	\$294,086,290	\$1,310,662	\$0
224	MI	Genisys	\$91,887,237	600	\$504,339,666	\$3,326,381	\$67,390,163
225	MI	Advia	\$90,577,812	585	\$616,434,131	\$12,516,989	\$0
226	UT	Utah First	\$90,571,311	196	\$149,383,086	\$20,652,338	\$0
227	NY	Corning	\$90,438,228	605	\$390,342,807	\$34,377,893	\$345,743,112
228	GA	Robins Financial	\$90,285,495	711	\$373,101,012	\$25,809,949	\$306,874,528
229	CA	XCEED Financial	\$90,258,130	209	\$387,471,907	\$29,414,800	\$403,993,748
230	WI	Westby Co-op	\$89,951,115	753	\$221,608,516	\$18,683,252	\$150,271,312
231	CA	First Entertainment	\$89,647,411	294	\$525,527,646	\$10,811,225	\$111,192,905
232	MI	Lake Trust	\$88,564,255	370	\$580,623,456	\$0	\$7,973,142
233	FL	Achieva	\$88,556,871	376	\$373,648,345	\$25,801,646	\$251,002,552
234	NE	Liberty First	\$88,035,058	549	\$91,021,899	\$70,354,516	\$0
235	NC	Self-Help	\$87,259,653	535	\$817,806,446	\$0	\$0
236	CA	Pacific Service	\$86,513,211	311	\$286,013,284	\$29,171,288	\$0
237	MI	Community Financial	\$85,794,577	418	\$336,788,741	\$31,600,812	\$322,599,790
238	CA	Ventura County	\$84,141,069	167	\$306,561,286	\$5,235,650	\$75,623,932
239	HI	Hawaiian Financial	\$83,866,350	199	\$282,572,170	\$18,297,750	\$0
240	MI	Consumers	\$83,225,976	443	\$337,205,878	\$63,503,253	\$307,507,247
241	TX	FirstLight	\$82,766,420	402	\$376,463,067	\$1,234,752	\$67,114,882
242	FL	Space Coast	\$82,754,790	460	\$671,839,108	\$45,833,454	\$759,380,608
243	IL	Consumers	\$82,647,320	408	\$226,226,191	\$54,886,034	\$345,415,810
244	MD	National Institutes of Health	\$82,597,304	203	\$230,948,348	\$13,372,931	\$247,142,292
245	OR	First Community	\$81,714,976	490	\$420,126,280	\$35,161,919	\$245,556,190
246	AL	Avadian	\$81,236,519	393	\$195,291,369	\$49,153,955	\$65,804,878
247	CA	Credit Union of Southern California	\$81,232,886	204	\$444,227,102	\$7,754,998	\$259,973,582
248	IN	Beacon	\$80,856,221	398	\$740,727,114	\$0	\$1,992,845
249	TX	Amplify	\$79,202,128	560	\$275,582,619	\$30,522,000	\$207,939,233
250	NY	Suffolk	\$79,193,018	590	\$422,459,178	\$3,748,945	\$0

Top 300 First Mortgage-Granting CUs Market Share as of Sept. 30, 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	FL	Community First Credit Union of Florida	\$78,911,230	427	\$464,581,464	\$543,206	\$152,641,259
252	OK	WEOKIE	\$78,795,199	427	\$388,613,154	\$6,236,995	\$140,065,402
253	MA	Greylock	\$78,472,367	443	\$495,238,167	\$10,106,011	\$371,879,743
254	MN	Hiway	\$78,431,500	376	\$397,218,437	\$26,156,984	\$196,390,360
255	WI	Blackhawk Community	\$77,500,408	406	\$192,746,832	\$9,552,645	\$259,039,876
256	HI	HawaiiUSA	\$77,379,896	145	\$377,326,717	\$0	\$2,594,526
257	AL	MAX	\$76,227,712	252	\$304,731,171	\$13,674,140	\$137,191,638
258	MN	Members Cooperative	\$76,109,301	433	\$237,043,270	\$15,054,094	\$0
259	OH	KEMBA Financial	\$76,064,742	505	\$313,655,278	\$4,932,437	\$37,380,342
260	CA	Point Loma	\$73,979,601	97	\$264,795,003	\$0	\$30,687,476
261	WI	Thrivent	\$73,885,297	364	\$245,645,716	\$29,353,297	\$350,692,105
262	VT	Vermont	\$73,837,812	656	\$217,110,946	\$33,970,190	\$243,210,776
263	FL	IBM Southeast Employees	\$73,782,994	305	\$350,391,025	\$20,256,077	\$358,030,306
264	TX	Shell	\$73,669,356	562	\$236,890,283	\$15,465,352	\$105,948,248
265	CA	CoastHills	\$73,309,823	280	\$427,995,291	\$7,043,488	\$78,079,058
266	TN	Tennessee Valley	\$72,883,913	413	\$301,356,630	\$12,999,790	\$0
267	WI	Marine	\$72,395,394	978	\$334,104,907	\$16,468,126	\$600,187
268	MI	Frankenmuth	\$72,130,098	661	\$174,930,321	\$45,378,401	\$251,940,337
269	SD	Black Hills	\$71,997,040	392	\$433,082,996	\$13,829,302	\$0
270	OH	Seven Seventeen	\$71,723,798	533	\$405,022,445	\$4,124,207	\$3,995,954
271	MI	Arbor Financial	\$70,868,124	404	\$291,336,513	\$7,788,779	\$137,182,402
272	VT	Vermont State Employees	\$70,472,495	477	\$387,652,949	\$24,719,887	\$329,078,361
273	TN	Orion	\$70,464,921	366	\$361,961,353	\$24,006,345	\$20,587,276
274	OR	Oregon State	\$70,133,145	234	\$272,564,817	\$17,875,335	\$242,769,727
275	IL	Scott	\$69,951,323	442	\$198,610,953	\$18,791,007	\$49,794,825
276	OK	TTCU	\$69,852,451	395	\$229,500,060	\$38,955,739	\$286,869,832
277	CO	Air Academy	\$69,051,295	309	\$221,862,735	\$19,110,529	\$0
278	MA	First Citizens'	\$68,669,782	158	\$306,852,025	\$6,585,976	\$136,034,072
279	WA	Salal	\$68,033,715	151	\$205,828,216	\$23,338,872	\$251,356,923
280	KS	Credit Union Of America	\$67,542,572	755	\$166,151,083	\$38,072,300	\$0
281	CA	Christian Community	\$67,324,219	169	\$474,071,693	\$0	\$43,810,184
282	FL	Grow Financial	\$67,059,733	328	\$525,155,161	\$0	\$175,765,277
283	IA	DuTrac Community	\$66,886,794	439	\$285,741,153	\$3,420,095	\$2,589,533
284	IA	Community Choice	\$66,842,017	525	\$114,295,586	\$46,996,561	\$0
285	NY	First Source	\$66,369,675	671	\$234,851,343	\$20,064,982	\$31,603,197
286	IL	Abbott Laboratories Employees	\$66,269,333	239	\$256,482,929	\$15,549,750	\$0
287	OR	Selco Community	\$66,176,928	409	\$365,729,653	\$0	\$0
288	NE	Centris	\$65,957,286	460	\$207,353,128	\$47,186,909	\$397,798,009
289	CA	Honda	\$65,783,320	357	\$291,016,038	\$231,700	\$0
290	DC	Congressional	\$65,458,283	185	\$309,047,699	\$9,146,988	\$72,157,671
291	ID	Beehive	\$65,391,911	1,528	\$109,569,195	\$27,492,677	\$0
292	MA	Hanscom	\$64,234,067	245	\$223,729,308	\$47,659,119	\$361,652,966
293	KY	University Of Kentucky	\$64,050,652	802	\$164,408,575	\$14,007,623	\$0
294	OH	Kemba	\$63,896,936	167	\$219,806,721	\$31,858,274	\$104,398,518
295	AZ	Vantage West	\$63,849,625	231	\$470,403,955	\$28,294,470	\$60,202,488
296	TN	Y-12	\$63,427,005	294	\$399,247,571	\$12,544,340	\$30,319,172
297	MI	Dort	\$63,316,739	466	\$281,635,086	\$5,334,102	\$57,613,904
298	WA	Solarity	\$63,256,032	282	\$235,007,759	\$29,017,088	\$268,616,766
299	MI	University Of Michigan	\$63,254,935	299	\$242,285,995	\$0	\$0
300	VA	UVA Community	\$62,963,606	415	\$192,617,364	\$26,808,188	\$0

ANOTHER MEMBER BENEFIT

New
ACUMA/MBA
Partnership
Includes

10%
DISCOUNT

ON MBA EDUCATION, TRAINING

ACUMA and the Mortgage Bankers Association (MBA) have a new education and training partnership that offers members of ACUMA discounted access to MBA Education products. The agreement gives ACUMA members access to world-class resources to improve their lending operations and educate their workforces.

The organizations already share many members, and it is hoped the agreement will encourage ACUMA members to take advantage of the latest insight and knowledge that MBA's instructors have to offer.

ACUMA members (credit unions and CUSOs) receive a 10% discount on all MBA Education products available for retail sale, including the following certificate and designation programs:

- Certified Mortgage Banker (CMB®)
- Certified Residential Underwriter (CRU)
- Certified Mortgage Servicer (CMS) – Residential
- Certified Mortgage Compliance Professional (CMCP)
- Accredited Mortgage Professional (AMP), awarded through the successful completion of the Schools of Mortgage Banking (SOMB) I, II and III

Already an MBA member? The ACUMA discount comes *in addition to* the discount MBA members receive.

How to Tap into the MBA Education Experience

To obtain the discount off the MBA member price, you must order by going through the ACUMA "members only" website from the menu bar and select "MBA Education Discount" under the Member Resources tab. There you will find instructions for visiting the MBA website to review (and purchase) any of the educational products available.

The partnership is the latest benefit offered by ACUMA to its members. Other strategic agreements include:

- Free webinars held in conjunction with Fannie Mae
- Annual exhibit at the National Association of Realtors® Conference
- State-by-state listings of Realtors® to work with
- Regulatory Alerts on important topics under discussion in Washington, D.C.

ACUMA also offers spring workshops and an annual Fall Conference for its members to learn about mortgage lending and network with industry leaders.



TOP MORTGAGE-LENDING
CREDIT UNIONS CHOOSE ACUMA
TO BE READY FOR

WHAT'S
NEXT



Know what's happening now...and get insights on what's next at ACUMA's workshops and fall conference. Unique in their credit union focus and all-encompassing subjects, ACUMA offers members workshop agendas exploring hot topics on current and future mortgage-lending issues, and an expansive conference program complete with networking opportunities. An ACUMA membership (an incredible value at \$595 annually for everyone at your credit union) guarantees the lowest price at all events. Visit acuma.org for membership details!

WHAT THEY'RE SAYING...

"ACUMA is the top choice for me in order to keep up with today's ever-changing mortgage market."

14 MAY
SAN DIEGO
15

EXPLORE WORKSHOP TOPICS

- **EXAMINE** purchase-money growth strategies, best practices for LOS selection, ideas for new product development, and so much more!
- **FIT** the pieces together with expert speakers, intriguing “talk show” discussions, and compelling roundtables.
- **ENJOY** exciting opportunities for networking and peer-to-peer exchanges with today’s leaders in credit union mortgage lending.
- **EXPERIENCE** our two-day format; breakfast and lunch included; reception on the first night.
- **PICK** from two locations—East and West.

18 JUNE
NASHVILLE
19

EXPERIENCE CONFERENCE ENERGY

- **HEAR** from industry-leading speakers on cutting-edge topics—in general sessions and breakout groups—as well as best practices from mortgage-lending credit unions.
- **TRAVEL** to the beautiful Gaylord National Resort & Convention Center, just outside Washington, D.C., on the Potomac River.
- **DISCOVER** the latest digital solutions with demos at the popular Digital Mortgage Showcase, back for its third year.
- **GET** the scoop on the latest developments in mortgage lending, such as identifying and understanding the disruptors affecting the industry.
- **TAKE** advantage of amazing opportunities to network with the best in the business.
- **ENJOY** a three-day format with breakfast and lunch included, and two early-evening receptions.

22 SEPT
GAYLORD
RESORT
25 WASHINGTON, DC

EXTRAS FOR MEMBERS ONLY

ACUMA’s strategic partnership with Fannie Mae gives members access to discounts and services from the agency, including a series of free webinars. ■ In addition, our relationship with the Mortgage Bankers Association offers members discounts on the spectrum of the MBA’s educational products and programs. ■ You receive access to the ACUMA members-only website with Regulatory Alerts on important issues in Washington; a guide to Realtors on a state-by-state basis; and quarterly data on Top 300 mortgage-originating CUs. ■ You also receive the twice-a-year ACUMA *Pipeline* magazine. ■ Best of all is the expert advice at events and the network of mortgage professionals you can draw from to make your own CU the best it can be.



“Excellent organization, great networking opportunities with the nation’s top CU mortgage lenders.”

“ACUMA is a great resource for credit unions. Your annual conference and training is awesome.”



THE LAST WORD

Tracy Ashfield



A Cooperative Effort Against the Competition

We hope this issue of the *Pipeline* has convinced you that to be successful as a mortgage lender, your credit union must embrace a strategy to become relevant to people buying homes.

Our guest contributors shared lots of the “whys” it is necessary and also many of the “hows.” We focused on first-time homebuyers, and we appreciate the credit union members who were willing to share their stories.

I know mortgage lending is not an easy path for CUs to follow. There are so many formidable competitors, and they are growing by the day. We must be smart.

When players like Amazon get into the mortgage business they have one distinct advantage: They are already a part of life for many consumers. I know many people who interact with Amazon weekly, buying everything from Amazon’s first-offering books to everyday needs like groceries and diapers.

Amazon is known as fast, easy and price-competitive. They usually avoid hidden or hard-to-understand fees (a huge plus for consumers) and they rarely disappoint despite high expectations from customers. And if they make a mistake, or sell you a product you don’t like, it’s easy (and free) to return it (another big plus).

Who wouldn’t want a mortgage lender that is fast, easy, price-competitive and gives great service?

We don’t know yet whether Amazon will be able to carry their brand and ease of use to the mortgage transaction,

but we can’t assume they won’t be able to succeed with these loans, too.

Zillow is another one to watch. They have tremendous name recognition and are often one of the first sites that renters start watching when they are considering buying their first home.

Zillow’s distinct advantage is being in front of homebuyers very early in their journey. They aren’t only “in front,” they stay with them throughout. Clearly as that “relationship” grows Zillow will be in a unique position to tap into that relationship and be there for the financing step in the journey.

I would be remiss if I didn’t mention Quicken/Rocket Mortgage. They are without question a marketing marvel! Their name recognition is probably unmatched in the housing finance industry.

I don’t bring up these competitors to discourage you. No, I want them to encourage you. I want them to remind

you that name recognition matters and being relevant to your members and potential members is crucial.

But we need to be realistic. Few credit unions can afford the naming rights to a sports arena or even television and radio ads. So I will offer a suggestion.

THE COOPERATIVE SPIRIT

Credit unions are non-profit cooperatives. Let’s consider how we can “cooperate” to increase the awareness of credit unions as relevant partners in this homebuying journey. Credit unions have competitive products, and pricing. What we still need is more awareness of our value.

As you build your spring marketing and business plan for growing mortgage loans, consider opportunities that you could do cooperatively with other credit unions.

For example could you join forces with a few area credit unions and plan a big exhibit at a state Realtors convention? Or, are you a good construction lender? How about finding a few others and renting an impressive exhibit at the homebuilders show in your region or state.

Don’t dismiss opportunities because you don’t have the resources to do it alone. Yes, I know many of you are thinking: “But they are my competitors.”

Yes, that may be true, but I believe in the adage, “When the tide goes up, all the boats in the water rise with it.” ▲

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



Let’s consider how we can ‘cooperate’ to increase the awareness of credit unions as relevant partners in this homebuying journey.



Who wouldn’t want a mortgage lender that is fast, easy, price-competitive and gives great service?



SECONDARY MARKETING AUTOMATION

More Credit Unions

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“ We really see Optimal Blue as a natural fit. Direct LOS integrations provide a level of accuracy, but it comes down to a level of comfort and trust. We found that with Optimal Blue. ”

JEFF KLEIN



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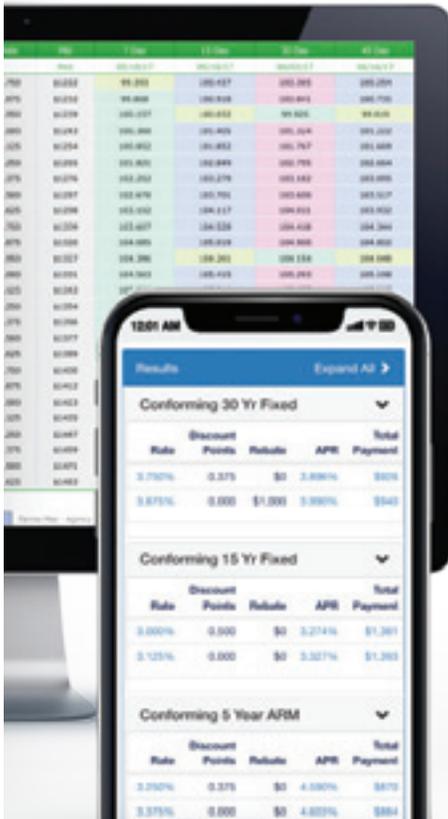
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