

SUMMER 2019

A NEW LENS:



THE OPTICS ARE DIFFERENT NOW IN MORTGAGE LENDING

WHAT WE DID MAY NOT WORK ANYMORE. EVERYTHING WE DO,
WE NEED TO LOOK AT ANEW.

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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.

WE'RE IN TOUCH...SO YOU BE IN TOUCH!



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**A MESSAGE FROM
ACUMA PRESIDENT**

Bob Dorsa

Thanks for the Memories ...

A reflection on 20-plus years at the helm of ACUMA

By Bob Dorsa

There comes a time in everyone’s career—whether for an athlete or someone in the world of business—when it’s the right time to reflect on years of achievements and to give to others the reins for the future.

For me, that time has arrived.

It is, of course, a bittersweet time. For the past quarter century, my focus in life has been on ACUMA. Looking back to the mid-1990s and all that has transpired in the world around us, as well as in the world of ACUMA, I have tremendous gratitude for all we have accomplished together and for the continuing opportunity we have created for the future of credit union mortgage lending.

Yes, I am taking the first step toward the life of a retiree, but I am not quite done yet.

I am pleased to be succeeded in 2020



Bob Dorsa celebrates another successful ACUMA event.



Dorsa counts on Krista Korfmacher, center, and Tracy Ashfield to help plan and present ACUMA events.

as ACUMA President by Tracy Ashfield, who has spent most of ACUMA's 20-plus years beside me. Her energy and knowledge has been the key ingredient for the success that ACUMA and our members have attained.

I want to thank our current Board of Directors for their gracious act to extend my employment with ACUMA for two more years as Senior Advisor. I hope to continue to help where and when I can with issues and events important to continuing ACUMA prosperity and paving the way for a greater organization for ALL credit unions in the housing-finance discipline.

I have so many memories I hold close to my heart and of the friends I have met along the way. I extend my sincere thanks for your support and belief in our mission.

FROM HUMBLE BEGINNINGS ...

When ACUMA began, we set a simple objective "to improve the perception that credit unions are a great resource and solution for consumers when it comes to Housing Finance." That was true then and continues to be so now. We have had many milestones along the way.

We fostered the growth of credit unions in housing finance by maintaining focus on our goals to provide a better solution for consumers than was available.

I can vividly recall, meeting with credit union mortgage-lending leaders in Southern California who had a strong desire to create an organization that could foster our message and growth for CU mortgage lending.

It was fortuitous for me, having had success a decade prior working with CUSOs, including the formation of their non-profit trade association. That experience provided a great template for ACUMA.

Few of us remember the association's original name was the American Credit Union Housing Alliance (ACUHA). However, back then housing finance was not a core competency for most

CUs, and during the first few years the Board decided to change the name and move forward with the American Credit Union Mortgage Association (ACUMA).

EVENTS AND SPEAKERS

Over the next 20-plus years, ACUMA has held countless events in dozens of cities around the nation. I cannot begin to think of how many people have spoken to our group during that time.

I believe we have been fortunate to have every Chairman of the NCUA to address our group along the way, as well as many other leaders from the agency.



Yes, I am taking the first step toward the life of a retiree, but I am not quite done yet.



We have provided many distinguished speakers from all walks of life. Most all of our speakers have been from the world of mortgage banking; however, we did have some memorable speakers who were successful in their own career—whether that was an artist, musician/performer or business executive from another industry.

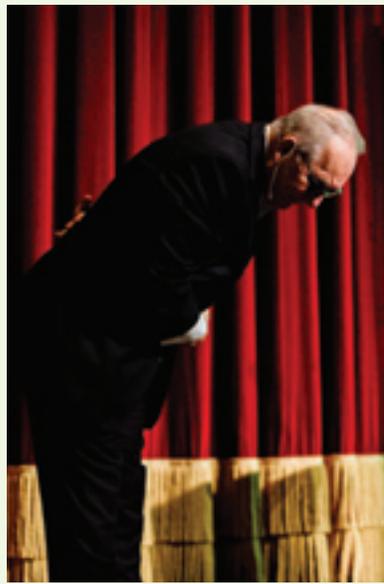
Add to that numerous "subject matter experts" from our membership and the CU system who joined our conferences and workshops to articulate their story and what makes their organization successful.

We have also had some one-of-a-kind events along the way.

■ Our parade through the streets of New Orleans, complete with a N'awlins jazz band, street performers and, of course, lots of beads.



I have so many memories I hold close to my heart and of the friends I have met along the way. I extend my sincere thanks for your support and belief in our mission.



■ Our Karaoke Cruise at our event in San Diego in 2007 which was great fun.

■ One recent memory from 2016, ACUMA's 20th Anniversary and the emotional ceremony in my honor.

All the many events in cities we visited and local people we interacted with—these are indelible memories I recall fondly.

GIVING THANKS

Obviously, I could go on and on. But it's important for me to visit with our hundreds of ACUMA members over the course of the next couple of years to thank each of you for joining me and ACUMA for this

incredible experience.

To all the many people serving on our Board of Directors and its committees, thank you. To Tracy, Krista Korfmacher, Tom Burton and Larry Guayante, as well as to Tom Senatori and the many other ACUMA contractors I have worked with, thank you all for your contributions. It's been a great journey and very worthy cause.

Being of Italian descent, I am accustomed to NOT saying goodbye but instead, *arrivederci*, which means "until we meet again." ▲



ACUMA

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



A MESSAGE FROM ACUMA BOARD

Pam Davis

2019: A Pivotal Year for Our Organization

Our Leadership, But Not Our Mission, Is in Transition

By Pam Davis

Did you attend one of our workshops or a webinar this year? We had more than 175 total participants attend our San Diego and Nashville workshops, a total almost identical to last year's stellar attendance.

Bob, Tracy and the team strive to offer top-notch educational opportunities at each event, and the attendance proves ACUMA members appreciate the valuable educational and networking opportunities.

As Todd Lambright, one attendee at this year's workshops told us, "I appreciate what you all contribute to credit unions, big and small, and have no doubt that everyone [attending the workshops] has a ton of takeaways to go back home with." Todd is Vice President of Sales at Georgia's Own Credit Union, and we appreciate his support.

In fact, we want to thank all of you who attended our workshops and fall conference, especially those who have been attending our conference for years. You are what keeps ACUMA going—and growing.

LOOKING BACK ...

As I complete 10 years serving on the

ACUMA board and the final months as its Chair, I can tell you that 2019 is pivotal and exciting year for ACUMA.

We have grown and matured with Bob Dorsa as our President and leader for the 23 years since ACUMA was founded. For those of you who are new to ACUMA or the credit union industry, Bob is a very well-known credit union leader and a founder of ACUMA. His 45 years of contributions to credit unions and CUSOs have been substantial. Dur-

ing his years of service at the helm of ACUMA, Bob managed all facets of our business.

In 2018, Bob met with the Board and shared his desire to step down as president in January 2020 and continue with ACUMA in a role focused on event planning as our Senior Advisor.

Bob will stay on with ACUMA, helping with the leadership transition and ensuring that our events, including the Annual Conference and the association's exhibit at the National Association of Realtors annual

“
As I complete 10 years serving on the ACUMA board and the final months as its Chair, I can tell you that 2019 is a pivotal and exciting year for ACUMA.



convention, continue to delight members and exceed expectations. We are so pleased that he is continuing with ACUMA in a new capacity beginning in January.

LOOKING AHEAD ...

As I announced last year, longtime ACUMA colleague and supporter, Tracy Ashfield, will become ACUMA's next president. She brings more than 30 years of mortgage banking experience to her new role. Before forming her consulting company, Ashfield & Associates, she held leadership positions with both CUNA and CUNA Mutual.

Tracy shares Bob's passion for credit unions. In addition to her consulting business that has taken her into many of your credit unions, she has worked with ACUMA for nearly two decades. The



Bob Dorsa will pass the torch to Tracy Ashfield as ACUMA President in 2020.

Board is thrilled that she will bring her mortgage management experience to ACUMA as our new president.

As many of you know, ACUMA is a non-profit organization with an all-volunteer Board of Directors. The board has worked diligently to support the ACUMA management team. I appreciate the support of the all board members—for your time, knowledge and dedication during my two years as chair.

In closing, as Barry Stricklin of Tower Credit Union takes over the role of chair next year, I want to emphasize that our mission is unchanged; we will continue to provide high-quality education and networking for credit-union mortgage lenders and their valued partners. ▲

Pam Davis has served for 10 years on the ACUMA Board of Directors, which governs the organization. She has led the board for the past two years as its Chair. Davis is the Senior Vice President, Branch Delivery and Operations, for Delta Community Credit Union.

■ WHAT DOES THE ACUMA 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 commitment for a Board Mem-

ber 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.



A N N I V E R S A R Y

Yesterday, **Today** and Tomorrow

25 Years of Arch MI Support for CUs

Since 1994, Arch MI has helped CUs offer more affordable mortgages, grow their membership and strengthen their communities.

Thanks to your loyalty and the efforts of our longtime employees – the industry’s only dedicated CU sales team – we’re now the MI leader, combining tech innovation and financial strength with a strong community focus.

While a lot has changed in 25 years, one thing stays the same: the Arch MI commitment to credit unions.



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COMPLIANCE CHALLENGES

Kris Kully

CFPB Proposes Rule for Debt Collectors Under Fair Debt Collection Practices Act



By Kris Kully

While the pace of mortgage regulations has slowed, the Consumer Financial Protection Bureau (CFPB) has turned its sights on an industry about which it receives the bulk of its consumer complaints—debt collection.

The CFPB recently issued a proposed rule that would, for the first time, provide guidance on certain requirements and prohibitions under the federal Fair Debt Collection Practices Act (FDCPA).

The FDCPA applies to third-party debt collectors, which are companies that collect debts owed to another. It does not directly apply to, for instance, a credit union servicing its own mortgage loans (or other loans or credit card accounts), or even to a person servicing loans on behalf of another, if those loans were not in default when the person began servicing them.

RULES INDIRECTLY AFFECT CREDIT UNIONS

While the FDCPA and the CFPB's current rulemaking may not directly apply to many credit unions, they should still pay attention. Federal and state regu-

lators often follow the FDCPA when scrutinizing all servicing and collection activities.

Also, when credit unions engage third-party debt collectors, the credit unions will want to ensure the collectors understand how to treat members fairly in accordance with the law.

Debt collection is largely about communication, and the FDCPA addresses communications not just with debtors themselves, but with other persons.

For instance, collectors must disclose, in the initial communication with the consumer, that it is attempting to collect a debt, and must subsequently identify itself as a debt collector. How-

ever, a collector also is generally prohibited from communicating about the debt with any person other than the consumer (with the exception of, for example, the consumer's attorney).

Those guardrails can lead to a conundrum—if a collector calls and gets the consumer's voice mail, the collector cannot leave a message without identifying itself, but upon doing so is at risk that a third party may overhear. Courts and regulators have addressed this problem in differing ways, making compliance difficult. Debt collectors often decide not to leave a message, but must then resort to repeated call attempts to establish contact.

'LIMITED CONTENT MESSAGE' PROPOSED

To resolve this problem, the CFPB proposed a "limited content message" that collectors may safely leave. The collector could leave a message that consists of the consumer's name, a request that the consumer reply to the message, the name of a natural person for the

consumer to contact, and a telephone number (other than a “vanity” number that may identify the collector).

If the collector is communicating electronically, it also would have to provide a way for the consumer to opt out of further communication attempts. The collector also may include a generic statement that the message relates to an account, and suggested dates/times for the consumer to reply. This limited content message may alleviate compliance uncertainty, as well as unnecessary call attempts.

The FDCPA also prohibits communications at any unusual time or place, or at the consumer’s place of employment if the debt collector has reason to know that the employer prohibits those communications.

These time-and-place restrictions were arguably more manageable when calling land lines. Consumers today may prefer, and be more likely to respond to, communications via cell phones, email, or text messages. However, when calling a cell phone, collectors cannot always be sure that the number has not been reassigned or where the consumer is located. It also is not always immediately clear whether an email is going to a consumer’s work account.

PROPOSAL OFFERS SAFE PRACTICES

The CFPB’s proposed rule would offer some safe practices. If the collector maintains procedures for using an email address, or a telephone number for text messages, that the consumer recently used to contact the collector, the collector would have a valid defense against a claim of improper third-party disclosure.

Similarly, the collector may be protected against an improper disclosure claim if it clearly notifies the consumer that it might use an email address or telephone number, and provides the consumer a reasonable opportunity to opt out.

The proposed rule also would permit

a debt collector to communicate with the consumer at a time that would be convenient in all of the locations at which the collector’s information indicates the consumer might be located. For instance, if the collector’s information indicates that the consumer lives in the Eastern time zone, but has a cell phone area code from the Pacific time zone, the debt collector must attempt to communicate at a time that is not unusual in either time zone.

In the proposed rule’s attempts to address current communication methods, it would draw the line at social media. The proposed rule would generally prohibit a collector from communicating about a debt by a social media platform that is viewable by a person other than the consumer.



Debt collection is largely about communication, and the FDCPA addresses communications not just with debtors themselves, but with other persons.



The CFPB reportedly believes that resorting to social media viewable by others, when other communication methods are available, is likely intended to harass or embarrass debtors. However, the proposed rule seeks comments on possible non-harassing purposes for communicating using public-facing social media (such as for limited content messages).

OTHER PROVISIONS OF PROPOSAL

The proposed rule also would clarify how many calls is too many. The CFPB would prohibit a collector from placing a call to a person in connection with a particular debt (a) more than seven times within seven consecutive days, or (b) within a period of seven consecutive days after having had a telephone conversation with the person in connection with the debt.

The CFPB also proposes to prohibit a collector from bringing or threatening a legal action if it knows or should know



While the FDCPA and the CFPB’s current rulemaking may not directly apply to many credit unions, they should still pay attention. Federal and state regulators often follow the FDCPA when scrutinizing all servicing and collection activities.



the debt is time-barred.

States generally impose a deadline for bringing an action to enforce a debt (often called a statute of limitations), although the deadline does not extinguish the debt itself. Courts and regulators have often held that it is unfair or deceptive for collectors to sue or threaten to sue on stale debts.

While the proposed rule would prohibit a collector from suing on debts it knows or should know are stale, it would not prohibit the collector from pursuing other collection efforts on those debts.

Many welcome the proposal’s guidance. However, consumer groups are concerned that while the proposal limits phone calls, it would not prohibit collectors from sending a barrage of emails and texts. The rule would,

however, provide consumers an opt-out right, and the FDCPA still prohibits collectors from harassing consumers.

The proposal contains many other detailed provisions, and may change in response to public comments, which are due by August 19, 2019. The CFPB proposes to make the new requirements effective one year after a final rule is published.

Notwithstanding the controversies, clearer guidance will be helpful in promoting compliance by debt collectors while seeking to protect consumers from unfair harassment. ▲

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, where she provided legal counsel on the mission oversight of Fannie Mae and Freddie Mac, the interpretation of the RESPA and the implementation of housing assistance and community development programs.



REGULATION & LEGISLATION

John J. McKechnie

Calabria Moves Forward on GSE Reform; Will He Have Help ... or Go Solo?



By John J. McKechnie

New FHFA Director Mark Calabria has only been in office for a few months, but he has already begun to paint a clear picture of his plans for the future of the GSEs, especially conserved mortgage giants Fannie Mae and Freddie Mac.

This confirms speculation that, by its own inaction, Congress has left the GSE reform playing field to the regulators.

But what are the regulators going to do? What limits are there to possible Administration actions? And how fast can they get things done?

These are all questions that will be answered in the coming months as the Trump administration appears ready to test the limits of its own powers, and of congressional willingness to stay on the sidelines.

CALABRIA MOVES AHEAD

In an early May interview on *Fox*

Business, and in speeches later to the National Association of Realtors and Ginnie Mae, Calabria indicated he was preparing to move to end the Fannie/Freddie conservatorships. He said this process would involve raising capital that would be retained by the GSEs prior to their release, and he suggested that Fannie and Freddie could become

private “as early as mid-2020” (although he repeatedly said the process is “not calendar driven”).

Calabria also stated that the recapitalization and release of the conserved GSEs may not occur simultaneously. He commented that the timing will be dependent on balance-sheet factors more than anything else.

Calabria stated that he is “obligated” to end the government stewardship of the GSEs. In addition, he said, “What the law envisions is, you come into conservatorship, you fix the problems, you get out. ... You need to end what was called the ‘Net Worth Sweep’ so that they can start building capital. ... It was insufficient capital that triggered the conservatorship, it’s going to be sufficient capital that triggers an exit.”

Based on these comments, it is likely that, by the end of 2019, GSE capital retention could come through the ter-

mination of the net worth sweep. It would be replaced by a periodic commitment fee paid to Treasury by Fannie and Freddie. This is rumored to be under negotiation between FHFA and Treasury.

TREASURY-HUD PLAN WILL LAY OUT ROADMAP

A blueprint for the future of the GSEs, expected this summer from Treasury and HUD, may lend specifics to the general thrust of the reform discussions.

That plan, ordered by President Trump in March, directs the Treasury to develop a framework for further revitalizing Fannie Mae and Freddie Mac and then releasing them from government control.

It additionally calls for the establishment of new safety and soundness regulations and more stringent capital and liquidity standards. HUD's contribution to the white paper will be to bolster the roles of FHA and Ginnie Mae in providing housing finance support to low- and moderate-income families that cannot be fulfilled through traditional underwriting.

The most important element of this joint plan may not be the introduction of some eye-opening new features on the housing finance landscape, but rather a re-affirmation of existing practices: all signs point to the Administration specifically directing the Treasury in the white paper to preserve access for qualified homebuyers to 30 year fixed-rate mortgages and other mortgage options that best serve the financial needs of potential homebuyers.

There's also buzz that the plan will require the Treasury to maintain a robust cash window for loan sales.

MNUCHIN SIGNALS CAUTION

Amid this flurry of regulatory action, it is possible

that, despite Calabria's hard charging, "Let's get this done" approach, Treasury Secretary Steven Mnuchin may pump the brakes.

In a June interview Mnuchin implied that "re-cap and release" will not be Calabria's unilateral decision: Mnuchin was adamant that the Trump administration won't just let Fannie and Freddie build up their capital buffers and then release the companies.

"What we're not going to do is business as usual with no changes, just re-capitalize them and float them," said Mnuchin, referring to a possible public offering of Fannie and Freddie shares. "There needs to be housing reform as part of this."

Mnuchin also said he backed an explicit guarantee, something that can only be implemented by Congress. This casts some degree of doubt on how ambitious the Trump administration will be absent a legislative fix.

WHERE IS CONGRESS?

And that legislative fix may prove as elusive this year as it has been in every Congress dating back to the mortgage market crisis.

Even though Senate Banking Committee Chairman Mike Crapo (R-Idaho) floated an outline of a GSE reform bill in February, it was considered to be a conversation starter more than a serious proposal, and it has received scant attention.

Crapo's Democratic Senate counterpart, Senator Sherrod Brown (D-Ohio), while publicly insistent that Congress play a major role in shaping the next iteration of GSEs, has privately said that "the system is working fine, and it would be foolish to undertake a big overhaul when it's plainly not necessary."

And for her part, House



The inability of Congress to reach anything resembling a consensus points to action exclusively on the regulatory side of the ledger.



Financial Services Chairman Maxine Waters (D-Calif.) has promised to address reform by initiating a new round of federal spending on low- and moderate housing. Whether that has merit from a policy standpoint or not, it is considered politically a non-starter.

Furthermore, senior Waters staff members commented after one of Calabria's interviews about recapping and releasing Fannie and Freddie that "Chairman Waters thinks the GSEs are functional, doing their jobs, doesn't agree with those who say something has to change.

In her view, all Calabria is going to do ultimately is destabilize the entire system. And for what reason?"

WHAT TO WATCH

The inability of Congress to reach anything resembling a consensus points to action exclusively on the regulatory side of the ledger.

Beyond questions about capitalization, expect a measured push by FHFA to shrink the GSE footprints, which will likely be focused on cash-out refi, investor property and second home exposures at the GSE.

The GSE conservatorship scorecard, which is typically released in December each year, could be the primary avenue for mandating targeted product changes at Fannie Mae and Freddie Mac.

Additionally, some form of Fannie/Freddie capital retention is very likely, as is continued FHFA support for Credit Risk Transfers (CRTs).

Who ever said housing finance reform was a job for Congress? 

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.



A plan for the future of the GSEs, ordered by President Trump in March, directs the Treasury to develop a framework for further revitalizing Fannie Mae and Freddie Mac and then releasing them from government control.



Evolving with the Employment Market

How Self-Employed Borrowers Are Changing the Mortgage Origination Landscape



By Melissa Lineberry
Genworth Mortgage Insurance

The market of self-employed and “gig economy” participant (contractor and free-lancer) borrowers is growing. As the market increases, the mortgage market must adapt to meet their needs — both in perspective and technology.

Credit unions must learn more about how to view the self-employed borrower market as an opportunity, and leverage different available technologies to originate loans for those particular members.

Self-employed individuals seem to have it all. They get to work for themselves, set their own schedule, and many tout having a better work-life balance, too. It’s difficult not to envy them. However, when a self-employed

member walks through your door, you’re likely considering all the complexities and challenges that come with taking their application. Those might include the inconsistent month-to-month income and the fact that it

usually takes longer to verify a self-employed borrower’s income than a member with a W-2.

Here’s the deal: The population of self-employed individuals and gig economy participants is increasing, so these types of members aren’t going anywhere.

The good news is that the mortgage process for self-employed borrowers is improving to make everything smoother for them and you.

AN EXPANDING MARKET WITH NUMEROUS CHALLENGES

As mentioned, the self-employed and gig economy market is growing.

In 2016, 9.6 million people were considered self-employed by the Bureau of Labor Statistics. This is in the context



of those who own their own businesses. As more people start businesses, this number will continue to grow.

Another large and growing market is the gig economy. The gig economy is made up of contractors and freelancers who work on short-term agreements. This can mean that one member applying for a mortgage could have 1099s from many businesses to qualify their income.

While there's not a firm grasp on the number of gig economy workers, one estimation from Gallup concludes that 36% of U.S. workers are either full- or part-time participants in the gig economy.

WHAT THESE MARKET CHANGES MEAN TO MORTGAGE LENDERS

We know there are growing markets of individuals who have more complex sources of income, and those numbers will continue to increase significantly.

Instead of looking at the growing volume of self-employed borrowers as complex challenges to solve, we'd be better off looking at it as an increase in opportunities.

The good news is when you make this perception shift, you'll find that there are overall market changes that can help ease the shift. These range from guideline changes to technology improvements.

Recently, GSE guidelines have expanded to ease the verification process. Fannie Mae in particular will allow for as few as 12 months of in-

come verification for members who have a short self-employment history.

Qualifying self-employed borrowers also is getting easier thanks to new technologies coming online. Automated Underwriting Systems (AUS) are getting better at analyzing self-employment income and recognizing what qualifies and what's exempt when calculating taxable income. Many of these technological improvements in mortgage origination are utilizing existing technologies such as optical character recognition (OCR).

LIFE CAN BE EASIER FOR YOU AND YOUR MEMBERS

With expanded guidelines and enhanced technologies, you still might be wondering what you can do, specifically, to help self-employed members close on a mortgage faster.

Develop Digital Content: Digital content is powerful in that it's easily accessible online. It's also not that expensive to produce.

Content—when done the right way—not only helps your members, but also helps you. When you can provide content that helps prepare your members for the mortgage application process, everyone saves time.



There are overall market changes that can help ease the shift [toward self-employed borrowers]. These range from guideline changes to technology improvements.



Here's one way to think about that kind of content. List out all the things that typically stall the closing process when you're working with a self-employed borrower. Maybe it's members not knowing they need a particular document or forgetting about a source of income.

When you have your overarching list, you can start posting helpful lists on social media or writing blog posts to point members in the right direction when they're thinking about the mortgage process.



When a self-employed member walks through your door, you're likely considering all the complexities and challenges that come with taking their application.



Continuous Learning:

If you've noticed an uptick in the number of self-employed members you're working with, you'll want to focus on continuously learning about their application process. This will help you stay up-to-date on any form changes and mitigate the chance of a delay in closing.

Be in the Know: Lastly, try to stay on top of how the GSEs are managing the process for self-employed borrowers and gig economy workers.

Fannie Mae and Freddie Mac have both announced their partnership with LoanBeam, a tech company specializing in income validation via optical character recognition. If your credit union adopts LoanBeam, you'll have the assurance that the GSEs will accept their outputs.

There also are a number of third-party verification technologies being implemented across the mortgage industry which, when applied correctly, could help lenders qualify income and other application information for self-employed borrowers.

As the self-employed and gig economies evolve and technology improves, we'll certainly notice improvements to the mortgage application process for self-employed borrowers and lenders. A simplified process can ultimately result in a markedly improved member experience. 

Melissa Lineberry is the Credit Union Segment Manager at Genworth Mortgage Insurance, which works with lenders and other partners nationwide to help people responsibly achieve and maintain the dream of homeownership.



Melissa Lineberry

Blending the knowledge gained from her sales tenure and 15-plus years of previous lending experience, she provides a unique perspective in bringing forward business development solutions for customers.

How to Improve Customer Service to Stand Out from the Competition

By Susan Graham
Financial Industry Computer Systems Inc. (FICS)

Today's credit union mortgage lenders encounter stiff competition. When asked to identify industry challenges they face, many credit union leaders mentioned competition from other credit unions, banks and non-banks such as Quicken Loans.¹ Indeed, in 2017, non-bank financial institutions originated 51% of all new U.S. mortgages.²

How can credit unions set themselves apart from the bank and non-bank behemoth lenders? Credit union staff can focus on one of the things they do best: provide personalized member service.

According to John Cabell, Financial Services Practice Lead at J.D. Power, “The mortgage marketplace is changing rapidly as traditional players and new digital-native entrants ramp up their digital and mobile offerings.

“While improved digital offerings are helping mortgage originators build customer satisfaction, it is important to find the right balance between digital, self-service offerings and personal interaction with a representative,” Cabell continued. “Technology alone is not a magic bullet in this market; the key is knowing where to leverage it and where to layer in more traditional forms of one-on-one support.”³

Here are a few strategies to help credit unions improve member service:

Provide a fast, efficient digital loan application process.

In today's digital age, borrowers—especially Millennials—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.

In a recent J.D. Power survey of homebuyers, 43% applied for mortgages digitally in 2017, up from 28% in 2016.⁴ And a 2018 J.D. Power survey of loan origination customers showed an increase in borrower satisfaction (from 2017) is due in part to greater use of digital and mobile channels.

On average, borrowers use three channels during the mortgage process, including (most commonly) their phone (72% percent of respondents), website (69%) and email (58%).

Credit union members should be able to apply for their mortgage online, attaching supporting documentation to their application. The best loan origination software and mobile-responsive web applications also provide timely status updates and allow borrowers to view their initial disclosures online.

Retain Servicing In-house.

Leading-edge mortgage servicing software that integrates with the loan origination system (LOS) and core system allows credit union lenders to sell loans to the Government Sponsored Enterprises (GSEs) while retaining servicing.

In-house servicing generates service fee income and provides cross-selling opportunities. It also allows credit unions to provide better, more personalized customer service.

When servicing is outsourced, the lender has no control over the quality of the customer service provided by the third party.

In most cases, face-to-face interactions between borrowers and servicers are impossible because there are no brick-and-mortar locations nearby. Other servicing companies may treat the borrower as just one of many “accounts” instead of providing personalized service.

Automate Mortgage Servicing.

Automation is essential for

efficient servicing. According to Craig Martin, mortgage practice lead with J.D. Power and Associates, “While the customer experience is an important thing, it’s not the most important thing. The most important thing is how to deliver service more efficiently, which in turn will drive customer satisfaction.”⁵

Servicers can deliver these services more efficiently by automating payment processing, escrow administration, investor reporting and other servicing tasks with leading-edge mortgage servicing software and APIs that allow scheduling of recurring tasks. This gives them more time to respond promptly to unique member needs.

Go paperless.

Use loan origination software, mortgage servicing software and web applications to implement paperless origination and servicing.

A paperless office is one important component of going green. Being eco-friendly is important to satisfy younger borrowers, many of whom are concerned about the environment. According to a survey of 1,000 Millennials, 70% consider a company’s environmental practices when deciding whether to purchase its products.⁶

According to one report, Gen Z individuals consider the environment the second most important issue today.⁷ To attract these younger borrowers, now is the time to reduce your institution’s environmental impact.

Encourage the use of mobile technology.

According to a 2018 J.D. Power survey about mortgage servicer satisfaction, mobile customers are more satisfied and more likely to be mortgage company brand promoters than non-mobile users. This finding likely applies to credit



Credit union members should be able to apply for their mortgage online, attaching supporting documentation to their application.



union members as well.

The survey found that only 20% of mortgage customers use mobile technology, which is why it is important to engage your borrowers and promote use. And only 44% of servicing customers use their mortgage servicer’s website.

Increasing the use of mobile-responsive web applications may very well increase your borrowers’ satisfaction.

Offer multiple and convenient payment options.

Mortgage servicers should allow members to pay in several ways: online, by phone or mail, and in-person. Many members may prefer the convenience of making online payments via online portals and web applications.

Use account alerts to reach customers.

Account alerts are an underutilized way to provide exceptional customer service and promote member satisfaction. Account alerts can also be used to encourage borrowers to adopt and be more active on web applications.

According to the 2018 J.D. Power survey, receiving account alerts via text message, secure messages on the servicer’s website or email was associated with high customer satisfaction. Unfortunately, 50% of survey respondents said their servicer either does not have account alerts or they are unaware the service is available.

Offer personalized customer service.

In one mortgage origination satisfaction survey, only 3% of respondents relied exclusively on digital self-service channels during the loan origination process. 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

In-house servicing generates service fee income and provides cross-selling opportunities. It also allows credit unions to provide better, more personalized customer service.



**J.D. POWERS' CABELL
TO SPEAK AT ACUMA
ANNUAL CONFERENCE**

ACUMA members have an opportunity this fall to see one of the sources quoted in the accompanying article from FICS on customer service.

John Cabell, the Director, Wealth and Lending Intelligence for J.D. Power and Associates, will be speaking at the ACUMA Annual Conference, September 22-25, 2019, at the Gaylord Resort and Convention Center near Washington, D.C.



John Cabell

Cabell's presentation, "Dazzling the Mortgage Customer," will examine key consumer insights and trends in a dynamic financial services marketplace, best practices that successful mortgage lenders have adopted, and ingredients of the "secret" sauce that drives a loyal customer following.

Cabell draws his insights and examples from his years of experience in consumer lending customer work, data intelligence from J.D. Power studies and world class analysis from a leading team of analysts and statisticians.

In his role, Cabell is responsible for advancing J.D. Power's market leadership by providing customer-focused advisory and intelligence. Specifically, he works with top-tier lending clients in the United States and Canada to advance customer experience analytics and strategies for a variety of lending products and services.

Interestingly, another J.D. Power executive, Craig Martin, also quoted in the FICS article, has spoken at a past ACUMA Conference.

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.



Susan Graham

important during the follow-up period after an initial inquiry and when confirming loan terms and payment.⁸ Even if lenders' web applications provide real-time loan status updates, it's a good idea for loan officers to contact borrowers regularly to reassure them that the process is moving along and ask if they have any questions.

This is particularly important for first-time homebuyers who may need education about the loan application and approval process.

Respond promptly to borrower inquiries.

Borrower satisfaction drops for each day a borrower waits for the lender to respond to an inquiry, according to J.D. Power.⁹ Borrowers who heard back from their lender within one day had satisfaction ratings of 869 (on a 1,000-point scale). If they had to wait more than one day, satisfaction dropped to 852 (for 2-5 days response time) and 806 (for a delay of six or more days).

According to the same survey, borrowers who inquired via a mobile device received the fastest response times (2.0 days, on average), while those who

contacted lenders online via desktop waited slightly longer for a response (2.2 days).

SUMMARY

By using loan origination and mortgage servicing software and web applications to improve the efficiency of mortgage processes, credit union mortgage lenders are taking a big step toward improving the customer experience.



Mortgage servicers should allow members to pay in several ways: online, by phone or mail, and in-person.



Mortgage professionals must combine self-service functions with human-touch support. Satisfied members may be more likely to use the credit union for their other lending needs, such as credit cards or a car loan.

Loyal members may also recommend the credit union whose staff helped them successfully navigate the complicated mortgage process.

Millennials and Gen Z borrowers, who comprise two-thirds of first-time homebuyers, are early in their careers and likely to purchase several more houses in their lifetime.

Don't miss out on the opportunity to become a trusted lending source for future transactions.



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How Credit Unions Can Master the Mortgage Market

By Dan Putney
Finastra

Credit unions have been surging in the mortgage market for the past few years. They have nearly quadrupled their share of the mortgage market over the last decade, thanks to the lower mortgage rates they offer compared to traditional lenders and the more personalized experiences they deliver to their members.

To keep the momentum going, credit unions need to build on their strengths.

For instance, credit unions have strong connections with their members, which they can further bolster by adding convenient services like online and mobile mortgage applications.

And credit unions are more agile than larger banks, so they can adapt to their members' needs by providing products and services unique to their member base.

By building on existing strengths and understanding how to incorporate technology into their processes, credit unions can gain a greater share of the



mortgage business without having to add staff or become data scientists. The key to success will be remaining true to the principles of service and trust that members value.

NEW MEMBERS, NEW OPPORTUNITIES

Large banks have around an 80% customer satisfaction rate, which sounds acceptable until compared to credit unions. Credit unions boast a 96% customer satisfaction rate.

Members appreciate the personal service and lower fees credit unions

provide, and that satisfaction sets up credit unions to be the top choice for members seeking a mortgage lender.

Consumers who are disengaged from their current financial institutions present an opportunity for credit unions willing to take steps to win their business.

Many credit unions are doing this successfully, as evidenced by the increase in credit union membership; more than 116 million consumers belong to a credit union, which is 2 million more than last year and about 8 million more than the year before that.

These new members represent an opportunity for credit unions to grow their mortgage loan portfolios organically.

To ease the application process for members and streamline the acceptance and processing flow for employees, credit unions need to develop their capabilities in three areas: efficiency, reach and experience.

EFFICIENCY

Reduce mortgage loan processing times by streamlining back-end loan origination processes.

Cyprus Credit Union in Utah described the ways its inefficiencies hindered its growth. The institution relied on manual processes, spreadsheets and a whiteboard to manage its loans.

National Credit Union Association (NCUA) audits took up to three weeks and required more than 700 staff hours per audit and another 80 staff hours for post-audit remediation. The slowness in accepting and processing loans and the cost of managing audits prevented Cyprus Credit Union from doing more commercial business.

The credit union decided to automate and standardize the underwriting process with an end-to-end technology solution. The new system enabled Cyprus Credit Union to transition from mortgage broker to direct lender and grow the number of loans in its pipeline by 40%.

Another credit union, Northwest Federal Credit Union in the DC Metro area, implemented a POS solution that made loans easier to accept and process.

"After the implementation, our business took off," said Jason Tucker, the credit union's mortgage systems administrator. Now the credit union is able to process 300 applications each month and close 200 loans without adding any additional staff.

"It's become easy for our members to submit applications, our loan officers to accept them and our processors to move the loans along," Tucker said.

REACH

Give members choices and continue traditional relationship-building.

There are more credit union members than ever before, but to turn those members into borrowers, credit unions need to make the mortgage application process easy and convenient. Borrowers want to the choice of online, mobile or telephone applications.

When Northwest Federal Credit Union implemented a mobile app that was capable of accepting mortgage applications, the institution saw about 30% of its applications begin to come through the app, and that number continues to rise.

According to Tucker, the POS solution enabled the credit union to expand its lending footprint into other geographical areas while garnering positive feedback from customers.

Technology solutions are essential to gaining market share in the mortgage business, but traditional relationship-based practices are important as well. Credit unions can increase their reach by setting up formal processes to connect with real estate agents and other vendors in order to grow referral networks.

EXPERIENCE

Transfer excellent experiences from the branch to the digital realm.

Credit unions already excel at providing exceptional member experiences in their branches. Now they need to transfer those great experiences to the digital realm.

Credit unions that have not yet entered into a digital transformation may be concerned about the costs and difficulties of building the data warehouse necessary to drive personalized experiences, but the reality is that most credit unions already have the data sources they need, such as debit and credit card, ACH and mobile



Technology is a tool that credit unions should use to stay true to their strengths: superior service, pricing, trust and customer retention.



banking information.

What they lack is the ability to analyze the information and automatically convert it into actionable intelligence.

The right technology vendor will help a credit union understand its data assets and make any changes necessary to feed the data into a system that can automate customized offers to the right member at the right time. A truly customized and timed message is not viewed

by members as an intrusive advertisement; it is appreciated as an extension of the personalized service that members expect from their credit unions.

CHANGE YOUR WAY, NOT YOUR 'WHY'

While credit unions have gained market share in mortgages in recent years, there is still plenty of potential for growth. Some analysts suggest that in upcoming years credit unions will dominate community banks, smaller independents and possibly even large bank and non-bank mortgage lenders as well.

Technology solutions are going to be necessary to stay competitive in this changing mortgage landscape, but technology is not the entire answer. It is a tool that credit unions should use to stay true to their strengths: superior service, pricing, trust and customer retention.

Credit unions should ask themselves, "How do we grow without sacrificing the differences our members appreciate? How do we get better at being who we are?"



Dan Putney is the Managing Director of Total Mortgage Sales for Finastra, which offers the broadest portfolio of solutions for financial institutions of all sizes. Putney is an experienced mortgage and technology professional, helping to connect community-based financial institutions to innovative future-facing digital capabilities.



Dan Putney

There are more credit union members than ever before, but to turn those members into borrowers, credit unions need to make the mortgage application process easy and convenient.



A Business Case for Speed-Driven Growth

By Pamela Herrmann
Mortgage Cadence

For eight years we've been refining what drives higher borrower satisfaction and higher profitability lending through our client benchmarking study.

Of the Five Key Performance Indicators (KPIs) we track (Productivity, Velocity, Cost-to-Close, Pull Through and Borrower Share), Velocity is the metric most closely monitored by managers. They know getting borrowers to the closing table faster gives them a leg up in a competitive market. Higher velocity, too, is the key to borrower satisfaction, according to a recent J.D. Power survey.



Astute lenders also know that two great things will come from quick turnaround times: happier borrowers and higher profits.

Velocity simply measures the time—in days—from application to closing, and can be a powerful indicator of your team's Productivity.

IMPROVING VELOCITY

So when one of our clients asked how they could improve their current Velocity rate, we enlisted the help of second-year MBA students from University of Virginia's Darden School of Business to

explore optimization improvements to their technology and lending process.

Using Design Thinking methodology to identify and solution for improving Velocity, here is what they found:

1. Transparency is key.

Precious time that was slowing velocity was largely due to a lack of understanding around each employee's role in loan production.

Employees tended to disconnect when they believed a task was outside their responsibility. As a result, loans were getting kicked back upstream, which often led to asking borrowers for

more information.

The best way to learn and feel connected to something is through practice and active participation, which is why an effective rotational program produces great results. By cross-training your team, they'll be more effective at their jobs.

Loan Officers, for example, will have a better understanding of what underwriting will require to approve the loan. Also, your team can pivot as volume fluctuates, which will relieve bottlenecks in the process and increase productivity.

Technology is a game-changing application that increases transparency, ultimately shaving days off the closing calendar by bringing everyone involved in the loan to the proverbial table to facilitate the safe loading and transfer of documents, exchange messages in real-time, and eliminate labor associated with document stare and compare.

2. Set borrower expectations.

Borrowers want the loan process to be quick, easy and transparent.

Borrowers interviewed by the Darden students felt frustrated and confused (two things that counteract your goal of creating brand loyalty) because they didn't know where they stood in the mortgage process. They expressed that they were unclear about the process overall and felt in the dark over the status of their loan.

Frustration was intensified when they were contacted multiple times by different members of the financial institution for additional information.

There are a couple ways to avoid this frustration and provide a better borrower experience.

First, by establishing a single point of contact that links arms with the borrower throughout the loan process, you deliver a high-touch experience that seeds brand loyalty.

Second, your borrower and origination portal should provide real-time loan status, what is expected to happen

at each step in the process, how long each step is expected to take, who they can contact at each step if follow-up is required, what steps are next, and what steps have already been successfully completed.

So, if you want to win the loyalty of your borrower, you must do more than accept their application online. Instead, provide each borrower with a personalized roadmap so that the borrower is always in the loop. A great borrower experience (and one that creates referrals) means nurturing each borrower so that this highly emotional transaction becomes one that is quick, easy, and transparent.

3. Track daily activity.

In the case of our client, hours were being spent every day, by each person on the line, organizing the priority of work for each loan file, often using a spreadsheet or writing a list on a pad of paper.

Precious time that could be allocated to Productivity was being lost on busy, unnecessary work. Instead of lists and spreadsheets, your lending technology should have a Pipeline Visualization

Tool that shows the status of all loans being processed by a team at any given time. Sample information should include current loan status, loan type, date of application, date of last contact with the borrower, number of regulatory changes affecting the loan, and loan classification.

Having this information in a centralized location that's automatically updated eliminates the need for manual lists and prioritization.

EMBRACE A NEW WAY OF GROWING

The potential of speed-driven growth isn't limited to technology—at least not in our view. One long-term way to drive revenue and positive sentiment for your brand is to show some love

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One long-term way to drive revenue and positive sentiment for your brand is to show some love to your borrower. They'll reciprocate with referrals back to you.

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to your borrower. They'll reciprocate with referrals back to you.

This sort of change doesn't require a new department or dedicated team, just an open mind to exploring new ideas with the entire team participating and owning the outcome.

Some may say this sort of work doesn't affect revenue or company growth, but I'd disagree. The reason lenders grow is because of the team they've cultivated, and by relentlessly asking, "How might we ...?"

This is the fun part of volume-driven growth. You can introduce it in your business gradually and increase new ideas as you see results. And I have no doubt that you will see results. Lending professionals are too skilled, too enthusiastic and too helpful to be pigeonholed. It's high time they're given the freedom and opportunity to drive the business forward. ▲

TECHNOLOGY

For a look at technology applications in mortgage lending, visit the Mortgage Cadence Collaboration Center at www.mortgagecadence.com/our-solutions-2/by-business-need/accelerated-closing/.

Pamela Herrmann is a best-selling author and Vice President of Marketing and Chief Storyteller for Mortgage Cadence. Her book, "The Customer Manifesto," was ranked No.3 by Business.com in their



Pamela Herrmann

list of Excellent Customer Service Books Every Business Owner Should Read. She hosts the video show, "LendTech Briefing," and the podcast, "Customers for Life."

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Borrowers want the loan process to be quick, easy and transparent.

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To Gain Competitive Advantages, Mortgage Lenders Look to Leverage New Technologies

By Prabhakar Bhogaraju
Fannie Mae

Mortgage lenders view Application Programming Interfaces (APIs) and Optical Character Recognition (OCR) as the top two technologies with the greatest potential to help improve or streamline processes, according to Fannie Mae's Q1 2019 Mortgage Lender Sentiment Survey® (MLSS).

Ease of technology integration was the most important criterion cited by lenders when deciding to adopt a third-party API.

Businesses are increasingly leveraging digital technologies to reduce errors and costs, transact faster and drive a richer and better customer experience.

In the mortgage industry, many processes involve transmitting a large volume of data among a series of interconnected parties, including consumers, investors and an array of service providers and stakeholders. Over the past few years, technological advancements such as artificial intelligence, APIs and document digitization have gained traction, enabling digital transformation.

TECHNOLOGY SURVEY

Through its quarterly MLSS, Fannie Mae's Economic & Strategic Research Group recently surveyed senior mortgage executives to understand lenders' views on these technologies, their criteria for adoption of a third-party API and to gauge their interest in various API ideas.

Nearly two-thirds of lenders selected APIs and OCR as the top two technolo-



gies with the greatest potential to help improve or streamline processes. Similarly, APIs and OCR were the technologies reported to be most likely to be rolled out more broadly by lenders in the next two years.

Among the various API ideas shown in the study, an API to “verify borrower qualification” was the most appealing to lenders, followed by an API to “obtain appraisers’ property appraisal value” and comparables.

“Ease of technology integration” was cited by lenders as the most important criterion in deciding whether to adopt a third-party API. To ease integration, lenders indicated that government-sponsored enterprises (GSEs) can help set clear industry standards, provide guidance on best practices and create user-friendly environments.

“Competitive advantages conferred” was the second most important criterion

for lenders when deciding whether to adopt a third-party API. Lenders’ sentiment suggests that APIs may be a way for them to create a differentiated customer experience and develop competitive advantages.

LENDER CHALLENGES

Throughout the past several quarters, lenders have continuously reported the challenge of declining profit margin and the need to reduce

costs and improve customer experience.¹

APIs and OCR have the potential to help address these issues. However, pre-



Lenders have reported the challenge of declining profit margin and the need to reduce costs and improve customer experience. APIs and OCR have the potential to help address these issues. However, previous research has shown that integration difficulties and investment costs are lenders’ top barriers.



vious research has shown that integration difficulties and investment costs are lenders’ top barriers.²

To properly justify technology invest-

ments, it is important to consider the indirect benefits, including time savings and customer good will, in addition to the more direct cost savings. To learn more, read Fannie Mae’s Mortgage Lender Sentiment Survey Special Topic Report, “APIs and Mortgage Lending.”

Identifying the benefits that justify technology investments may not be easy since the impacts are often multi-layered and include a mix of direct and indirect benefits. For example, the better customer experience achieved through APIs and OCR may lead to increased referrals or subsequent refinance or purchase loan business, which may save on costs and create brand preference.

APIs and OCR may also yield fewer mistakes, less rework and an ability to translate fixed labor costs into variable costs, allowing a business to scale capacity up or down as the market expands or contracts.

ments, it is important to consider the indirect benefits, including time savings and customer good will, in addition to the more direct cost savings. To learn more, read Fannie Mae’s Mortgage Lender Sentiment Survey Special Topic Report, “APIs and Mortgage Lending.”

Prabhakar Bhogaraju is Vice President of Digital Shared Services at Fannie Mae. Bhogaraju leads Digital Products’ business architecture, rules and data function—integrating business needs with



Prabhakar Bhogaraju

technology capabilities. His team impacts the digitization of the mortgage loan lifecycle, aligning it with company strategy and goals, and collaborates with the industry and regulators to develop industry standards.

The author thanks Dana Schlafman, Natalie Hunt, Steve Deggendorf, and Li-Ning Huang for valuable contributions in the creation of this commentary and the design of the research.

Article Sources:

Opinions, analyses, estimates, forecasts and other views reflected in this commentary should not be construed as indicating Fannie Mae’s business prospects or expected results, are based on a number of assumptions, and are subject to change without notice. How this information affects Fannie Mae will depend on many factors. Changes in the assumptions or the information underlying these views could produce materially different results.

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Eight Reasons to Automate Secondary Marketing Function

By Scott Happ
Optimal Blue

In the U.S. mortgage market, most loans are sold to secondary-market investors during or immediately following the origination process. This structural characteristic creates a series of functional requirements for lenders which are generally described as secondary-marketing activities.

They include investor selection, loan pricing, lock desk management, pipeline risk management and committing.

These processes are complicated and resource-intensive, creating opportunities for lenders to deploy technology to improve operational efficiency, decision making and competitive viability. This article describes why lenders must automate secondary marketing functions to grow in today's hyper-competitive environment.

1 Manage expanding content seamlessly

During the financial crisis that occurred over a decade ago, the number of mortgage buyers fell precipitously. Since that time, there has been a re-

surge of investors, and today, there are more than 150 organizations actively buying loans.

Product eligibility and pricing have become exceptionally complex over the past decade as buyers have sought to more accurately price risk.

While most buyers are focused on the conforming market, buyers are increasingly adding programs that do not fit squarely into the definition of conforming conventional and governmental loans. A market for jumbo loans has re-emerged, and there is an extraordinary amount of focus on programs for mortgage loans with expanded eligibility, first-time homebuyers and low-to-moder-

ate income borrowers.

The resurgence of the non-conforming investor market is excellent news for originators because these programs provide additional opportunities to serve customers. However, managing an expanding set of content in real time with a high degree of accuracy requires automation.

2 Best execution is increasingly complex

Product eligibility and pricing have become exceptionally complex over the past decade as buyers have sought to more accurately price risk. In addition, there has been a proliferation of specialized products designed for market niches, like consumers with compromised credit or buyers looking to acquire unique properties.

This has made the first step in any best execution analysis—matching borrowers with applicable loan programs—an increasingly complicated and, therefore, error-prone activity.

To identify applicable products among a broad range of options and perform a best execution analysis in real time, an automated solution with advanced product matching capabilities is required.

3 Margin management requires extreme granularity

Managing margins in a precise, flexible and timely fashion is critical in today's highly competitive environment. Lenders must develop margin strategies that balance the need to remain sufficiently competitive with profitability goals and be ready to change margins on a moment's notice in response to changing market conditions.

Because margin strategies typically vary by geography, loan type, investor and business channel, the maintenance of margins can become quite complex. Such complexity increases the need to automate the margin management process.

4 The Lights-Out Lock Desk

The lock desk serves as a vital control point and service center for secondary marketing operations, and its efficacy can have a major impact on profitability.

Lock desk responsibilities include dealing with a myriad of changes—from switching products to price concessions—and complicated policies governing investor and other lock modifications. Additionally, staff levels must quickly adjust to unexpected volume caused by interest rate fluctuations, creating management challenges in both rising and falling rate scenarios.

Automation of the lock desk presents a huge opportunity for lenders to capture and scale efficiencies by leveraging existing staff while reducing error rates.

5 Open your business to the power of APIs

Contemporary software design is increasingly focused on enabling system-to-system interaction at the feature level. Ideally, these interactions are supported through Application Programming Interfaces, or APIs, published by technology platform operators.

For lenders, APIs open a range of new possibilities to leverage highly specific secondary marketing system capabilities. For example, specialized APIs can be used to display price data on consumer websites, support locking within a custom point-of-sale system or re-check loan eligibility at the time of underwriting.

Forward-thinking lenders can automate a wide array of key processes by using secondary marketing system APIs.

6 Immediately connect with a vetted, third-party vendor network

The digital mortgage movement has caused a proliferation in the number of specialized, point solutions available in the mortgage industry, with many aimed at improving the efficiency of loan officers or delivering greater transparency to consumers.

Because price and eligibility data are vital to the user engagement process embedded in these applications, it is essential that a lender's product eligibility and pricing

system connect seamlessly with third-party vendors.

Lenders should insist that their secondary-marketing system provider automatically connect price data and lock desk functionality to a broad network of third-party applications.

7 Boost your bottom line by moving to mandatory delivery

Selling loans for mandatory delivery provides a meaningful price advantage as compared with best efforts delivery. Of course, this potential reward does not come without risk, and any lender contemplating selling loans on a mandatory basis should carefully consider the systems and personnel required to manage this execution strategy.

Risks that stem from a mandatory execution strategy are generally measured using a risk management system and hedged through the sale of TBA securities or forward agency commitments. Hedge program effectiveness is highly dependent on predictions about which loans will close and the rate with which pipeline data is refreshed.

With a proper investment in advanced technology systems that automate the risk management process, a mandatory execution strategy can contribute materially to the bottom line.

8 Gain business intelligence with data and analytics

Like virtually all financial industries, the mortgage lending business is quickly adopting analytical tools to measure performance and gauge competitiveness. This trend is driven by the emergence of several high-quality data visualization platforms,

“Contemporary software design is increasingly focused on enabling system-to-system interaction at the feature level. Ideally, these interactions are supported through Application Programming Interfaces, or APIs, published by technology platform operators.”



tensive, prompting lenders to consider what changes are required to support this vital function. Pressures are growing to lower costs, improve margins, raise quality, reduce risk, and sharpen decision-making.

With the arrival of the enterprise secondary marketing technology platform, lenders can now achieve these goals by automating the entire secondary marketing process, from content to commitment.

Scott Happ is the Chief Executive Officer of Optimal Blue. He founded Mortgagebot in 1997 and built the company into a nationally recognized SaaS solutions provider.

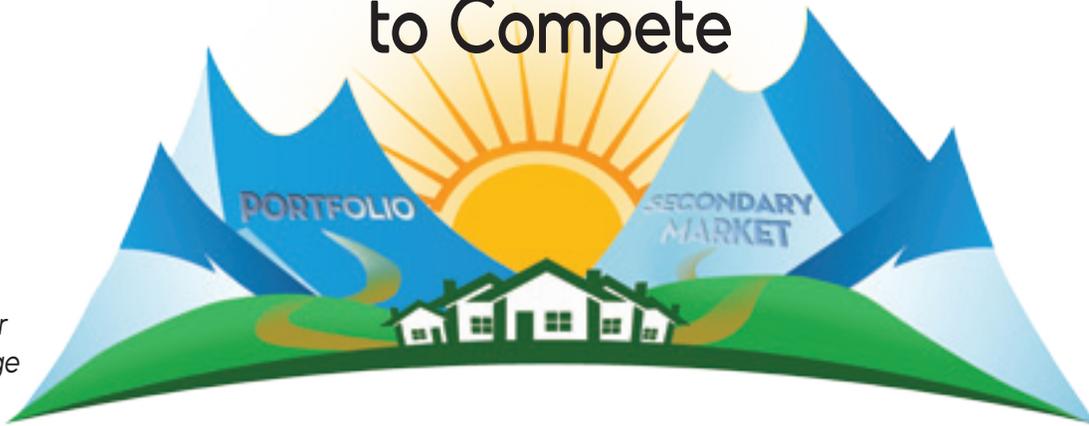


After selling the company in 2011, Happ teamed with a leading private equity firm to acquire Optimal Blue. You can reach him at shapp@optimalblue.com.

“With a proper investment in advanced technology systems that automate the risk management process, a mandatory execution strategy can contribute materially to the bottom line.”



Leverage Portfolio Loans and the Secondary Market to Compete



By Jo Fleischer
Arch Mortgage
Insurance

Behold the power of credit union mortgage portfolios. Holding loans in portfolio gives credit unions an enormous advantage at a time when fast-rising home prices are creating demand for non-conforming loans to meet a variety of needs, ranging from jumbo loan amounts to solutions for self-employed borrowers and overcoming affordability hurdles in high-cost markets.

In terms of mortgages, credit unions have increased market share from 1.9% in 2007 to 8% as of March 2019, according to the Credit Union National Association (CUNA).¹

Credit unions originated \$26 billion in first mortgages in the first three months of this year, up sharply from \$17.5 billion in the same period of 2014, Callahan & Associates reported.²

Those numbers are especially impressive when you factor in the rapid rise of Internet-based lenders (or “fintechs”) that have been capturing Millennial home buyers in recent years with appeals like Rocket Mortgage’s “Push Button, Get Mortgage” ads.

With those unique sales pitches and automated efficiency, fintechs have claimed about 8% of the mortgage market, up from 2% in 2010, the National Bureau of Economic Research stated in a recent report.³

GROWING MEMBERSHIP AND MORTGAGES

One of the credit union’s many strengths is an increasing base of members. Figures from CUInsight.com show annual credit union membership grew 4.5% to 116.2 million at the end of 2018 (and overall membership is up 31% since 2008).⁴

As member-owned institutions, credit unions typically have a low tolerance for risk, and careful underwriting of loans means members are less likely to default than bank borrowers.

As nonprofits, credit unions can often charge lower interest rates and fees than large banks. One of the reasons is that credit unions with mortgage portfolios earn interest income month-by-month on each loan over the long term. Many banks opt to sell most of their newly originated loans for an immediate profit.

Holding mortgages in portfolio (rather than selling them to GSEs and private investors) also gives credit unions the ability to tailor mortgages to meet member needs. In some cases, credit unions create unique loan products to suit the local market. This flexibility can also mean taking a second look at a loan when a member with a solid income and payment history comes up a bit short on a debt-to-income limit or credit score guideline.

The Federal Housing Finance Agency recently raised the baseline limit on the size of mortgages that can be sold to Fannie Mae and Freddie Mac to \$484,350. Homebuyers seeking a bigger mortgage, known as a “jumbo loan,” often turn to credit unions for mortgages that will be held in portfolio or sold to investors other than Fannie Mae and Freddie Mac.

CREATIVE LOCAL SOLUTIONS

Jumbo loans are just one of the products that lead homebuyers to credit unions. For many self-employed borrowers with fluctuating incomes, a credit union with knowledge of the local economy can be easier to deal with than a national bank.

Similarly, a large bank might decline the mortgage application of a recent college graduate based on debt-to-income

requirements, even when that person just earned an advanced degree and has landed a job with a strong salary.

With the flexibility a portfolio provides, credit unions nationwide have created lending programs that offer degreed professionals low down payments and more flexible requirements. These programs have been designed for professions ranging from doctors and nurses to teachers, service members and law enforcement personnel.

In areas with high real estate prices, credit unions are helping members overcome affordability hurdles.

According to a *Credit Union Times* article published in March, buyers of multi-story homes have obtained mortgage loans from credit unions that approved the rental income from an apartment on one of the home's levels as qualifying income.⁵

In another case, a California credit union created a special loan program to enable the renovation of what had been a commercial loft into a residential building with separate living spaces for four borrowers with four separate mortgages.

EXPLORE NEW OPPORTUNITIES

Some credit unions are also helping members by offering small-balance mortgages. A recent article in *The Wall Street Journal* spotlighted banks turning away loans in the \$20,000-to-\$70,000 range.⁶ ATTOM Data Solutions found there's been a 38% reduction in mortgage originations in the under-\$70,000 category since 2009. Over the same period, originations of \$150,000-plus mortgages increased by 65%.

The WSJ article states smaller loan amounts aren't profitable enough for many banks since those low-balance mortgages cost nearly as much to originate as much larger loans. In addition, banks believe high-balance borrowers are more likely to consider other bank products, including credit cards and investment services.

Alissa Sykes, Senior Vice President and Chief Growth Officer at Sun-



Holding mortgages in portfolio ... gives credit unions the ability to tailor mortgages to meet member needs.



mark Federal Credit Union in Latham, New York, said low-balance mortgages aren't a focus, but the credit union does offer mortgages down to \$50,000.

"We believe it's a service to our membership," Sykes said. "Our most important message to our members is that we have mortgage programs that fit almost everyone's needs. We want to provide more than a mortgage—we are about the entire relationship."

THE EVOLVING SECONDARY MARKET

To balance risk, credit unions sell a portion of the loans they originate to the secondary market, including Fannie Mae and Freddie Mac. In 2018, credit unions sold \$50 billion in mortgage loans to the secondary market, up sharply from \$4.5 billion in 1997, CUNA reports.

As a result, advocates for credit unions are closely watching discussions in Washington, D.C., about possible changes to the GSEs, including proposals for the GSEs to buy fewer loans in favor of private investors taking on more risk.

In a letter to the House Financial Services Committee late last year, CUNA officials said 35% of credit unions access the secondary market to manage long-term interest rate risk. The CUNA letter emphasized the importance of a reliable secondary market, stating, "Access to a liquid secondary market with relatively low transaction costs is vital for the health of credit union mortgage lending."

THE FINTECH CHALLENGE

Credit unions face a growing challenge from fintechs—lenders who specialize in originating loans through a largely automated, digital process. Not only do these online lenders have appeal for younger borrowers, but their processes are so efficient that online lenders are closing mortgages about 20% faster than brick-and-mortar credit unions and banks, according to the National Bureau of Economic Research.⁷

Some experts warn that the growing

efficiency of fintechs could cut further into the profits earned from loan originations. The Mortgage Bankers Association calculated that the average profit independent mortgage bankers earned on a single loan dropped to \$367 in 2018, a decline from \$711 in 2017.⁸

Despite these challenges, credit unions also have a huge opportunity right in their own backyards.

Currently, only 2.5% of members have a mortgage with their credit unions. While fintechs and traditional lenders may lure some members away, it's relatively inexpensive for credit unions to market mortgage programs directly to their members, which could help fuel additional growth in years to come. ▲

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Jo Fleischer, a Senior Writer in Arch MI's marketing department, joined the company seven years ago. A graduate of the University of North Carolina, Fleischer began his career as a newspaper reporter and worked for several trade magazines and public relations agencies as a writer/editor in New York and North Carolina. He also plays drums with a classic rock band.



Joe Fleischer

The Role of the Real Estate Agent in 2019 — and Beyond

By Thomas O'Shaughnessy
Clever Real Estate

It's no secret that the real estate industry is undergoing a period of significant and rapid transformation.

Emerging technologies and data-driven startups are empowering consumers and fundamentally changing the way they buy and sell properties. What's more, discount and nontraditional brokerages are challenging the longstanding reign of the traditional Realtor model.

Some claim that we're on the precipice of a largely automated era in which home buyers and sellers will rely primarily on data- and Artificial Intelligence (A.I.)-driven real estate services, enabling them to bypass agents entirely.

But is this really the case?

In an effort to get a clearer picture of the evolving role of the real estate agent—and the mindset of home sellers in 2019—Clever recently conducted a survey of 1,000 Americans who indicated they were planning to sell their homes within the next year.

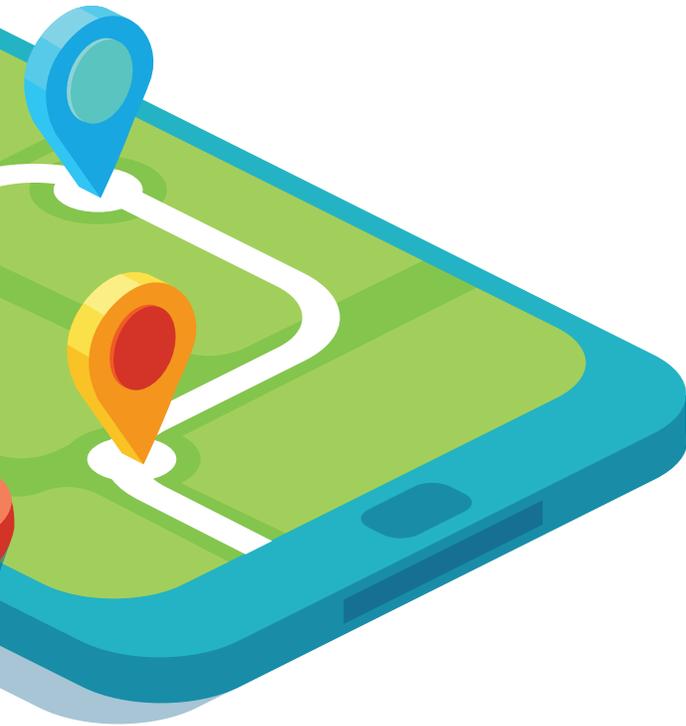
What did we learn? Real estate agents will need to adapt to the new, tech-centric real estate landscape in order to remain competitive. That said, despite widespread industry disruption, Realtors still have a crucial role to play in the home-selling process — and it's unlikely that demand for their services is going to go away anytime soon.

Here are some of the key takeaways from our report.



Executive Summary

- Many homeowners don't realize how much it actually costs to sell a home. 45% of home sellers don't know they are expected to pay the buyer's agent commission. Only 35% know that the standard, total commission fee is about 6% of their home's final sale price.
- Sellers are preparing for a housing market slowdown. 65% of respondents said they're willing to wait longer for a better price versus 35% of respondents who said their number one goal was to sell as quickly as possible.
- Buyer (and home seller) beware: 37% of home sellers would consider a dual agency, and 46% were unsure. Buyers and sellers who work with these types of brokerages put themselves at risk, as dual agents have no clear fiduciary responsibility to either party involved in the sale.
- Consumers are almost ready for A.I. technology in real estate. Approximately 50% of respondents said they would be willing to sell their home using an A.I. platform that finds potential buyers, and 37% believe existing A.I. tech could outperform a human real estate agent.
- Most home sellers—even those trying to sell for sale by owner (FSBO)—still need a real estate agent. About 50% of respondents said they wouldn't feel comfortable negotiat-



ing with buyers, and about 62% wouldn't feel comfortable finding and completing the necessary paperwork for closing.

- Millennial home sellers are 93% less likely to use a real estate agent. They're also 2x as likely to say a real estate agent was unimportant or not important at all to the home selling process.
- There are clear, generational differences in homeowners' reasons for selling: millennials and Gen-X home sellers are ready to upgrade to larger homes (46%), while Baby Boomers are looking to downsize (47%).

Fast Facts

- While many sellers use the internet to find and vet real estate agents, most (50%) said they rely on referrals from friends and family
- Many home sellers are on the fence about using a real estate agent—32% were unsure if they'd end up using an agent, and 14.5% said they were planning to try to sell FSBO
- According to survey respondents, the most challenging part of selling a home is preparing it for sale (27%), followed by attracting buyers (20%), pricing it correctly (18%), finding a good real estate agent (13.5%), negotiating with buyers (10.7%), and handling all of the paperwork (9.7%)

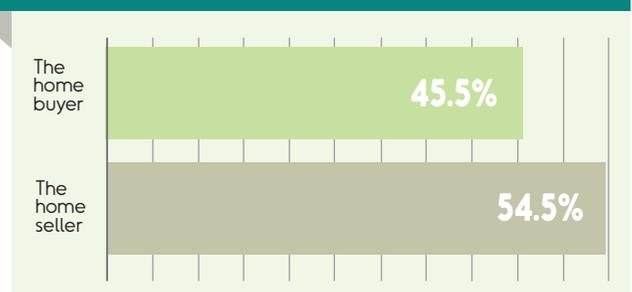
HOME SELLERS DON'T UNDERSTAND HOW REALTOR COMMISSION FEES WORK

When it comes to selling a home, the old adage “you have to spend money to make money” definitely rings true.

From pre-sale home repairs, staging and photography to seller concessions, legal fees and Realtor commissions, homeowners looking to get top dollar often end up paying thousands over the course of their sale. Some estimates put the total cost of selling a home and relocating at nearly 17% of the home's sale price.

However, it seems that many would-be home sellers don't fully understand all of the requisite costs, logistical measures, and parties involved throughout the entire home-selling process.

CHART 1: In most real estate transactions, who pays the buyer's agent commission fee?

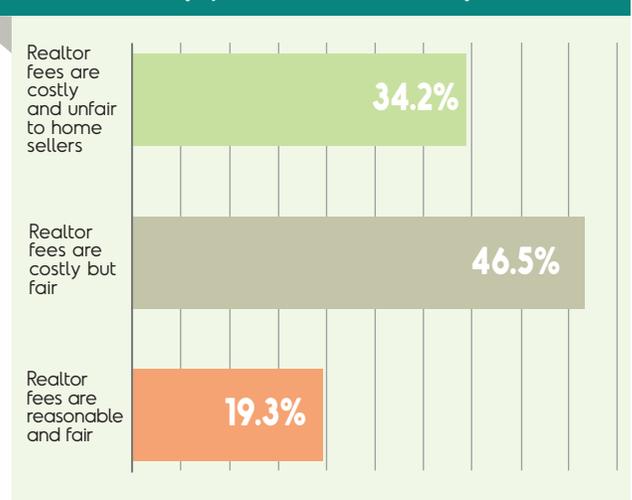


Responses from 1,000 homeowners selling their houses in 2019.

One example of this: Approximately 45% of U.S. home sellers are unaware that they will have to pay the real estate commission for both their listing agent and the buyer's agent.

Similarly, only about 1 in 3 sellers know that the total commission fee is typically 6% of the final sale price. When we disclosed the average rate, 34% of home sellers said they feel the fees were costly and unfair, 46% said they are costly but fair, and 19% said they are reasonable and fair.

CHART 2: Which of the following describe your feelings towards the average Realtor commission home sellers pay (about 6% of the home price)?



Responses from 1,000 homeowners selling their houses in 2019.

The key takeaway is that many homeowners simply don't understand all of the costs involved in selling a home. Real estate agents should set realistic expectations at the outset in order to avoid nasty surprises and difficult conversations further down the line. This is especially true for first-time home sellers, who were 53% more likely to believe home buyers pay commissions than experienced home sellers.

"Many home sellers don't understand commission fees. Closing costs are important, and many sellers don't realize the true costs until I've met them and gone over their net price. It's been so long since they bought their first home, and they forget (or maybe never knew) sellers pay commission fees. I recommend real estate agents be open and honest when courting clients to avoid uncomfortable conversations down the road." – Chris Doss, Keller Williams Agent

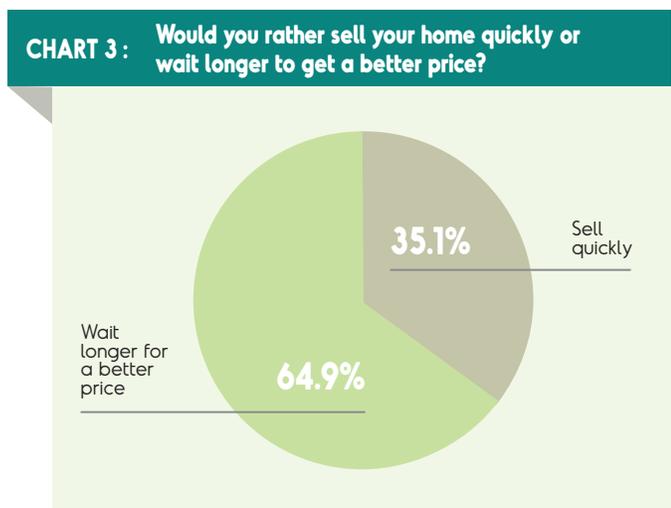
HOME SELLERS ARE DIGGING IN AND PREPARING FOR A HOUSING MARKET SLOWDOWN

We're now several months into 2019 and have yet to experience the market downturn that some experts were predicting last year.

However, fluctuating interest rates, rising home prices, global trade tensions, financial market volatility, and perpetual political upheaval are collectively putting a damper on the industry's overall growth rate.

While it's unlikely this growth will reverse or stall completely, experts do predict a nationwide slowdown, which could yield less favorable market conditions for sellers going forward.

"The forecast for home sales will be very boring — meaning stable," explains Lawrence Yun, NAR's Chief Economist. "Home-price appreciation will slow down. The days of easy price gains are coming to an end, but prices will continue to rise."

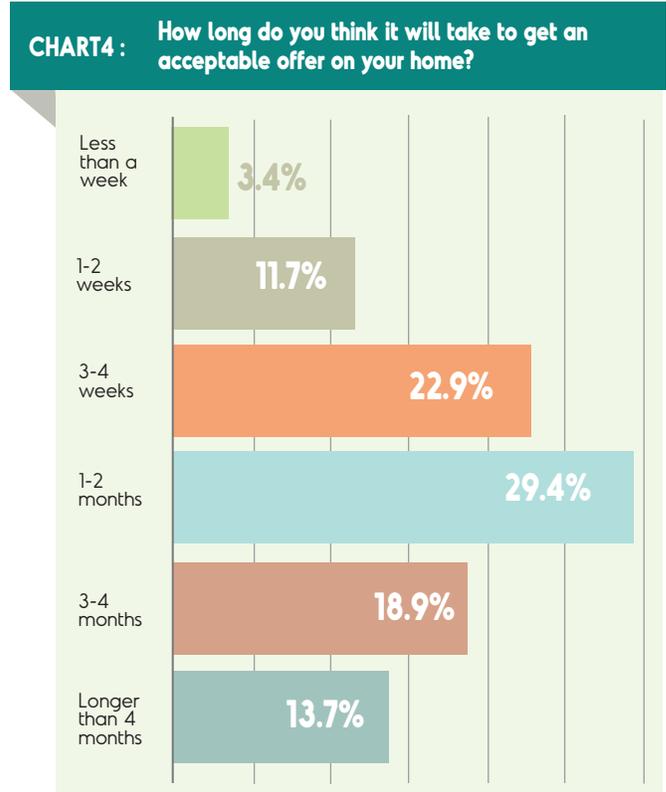


Responses from 1,000 homeowners selling their houses in 2019.

It seems that sellers are prepared to weather the storm. Approximately 65% of survey respondents said they would be willing to wait longer for a better price on their home, rather than sell quickly.

The data also suggests that sellers aren't just talking the talk here—in fact, they have realistic expectations about how long they may actually have to wait in order to get the right offer.

According to Zillow, the average amount of time it takes to get an acceptable offer on a home is approximately one month. Our survey found that approximately 62% of home sellers think it will take at least one month to sell their home, while 32% believe it will take longer than three months.



Responses from 1,000 homeowners selling their houses in 2019.

Even hot areas like Portland are seeing shifts, as the housing market corrects to a more realistic affordability ceiling for buyers.

"In Portland home prices have actually gone down 1%, the first decrease in almost a decade. While prices are slightly down, many buyers are getting priced out in certain areas of Oregon — areas like Bend, Oregon and the inner city of Portland. We're also seeing a shift to a buyer's market in areas like the Oregon coast where inventory is rising." – Brandon Hays, Stellar Realty Northwest

MIND THE KNOWLEDGE GAP: MANY HOME SELLERS WOULD CONSIDER A DUAL AGENCY—WHICH COULD COST THEM

A dual agency is when a single real estate agent or brokerage represents both parties (i.e., the buyer and the seller) in a real estate transaction.

This arrangement is inherently problematic, in that a dual agent is under no legal obligation to represent the interests of either party as a fiduciary. Troublingly, a recent report published by the Consumer Federation of American (CFA) found that nearly two-thirds of American consumers are completely unaware of this fact.



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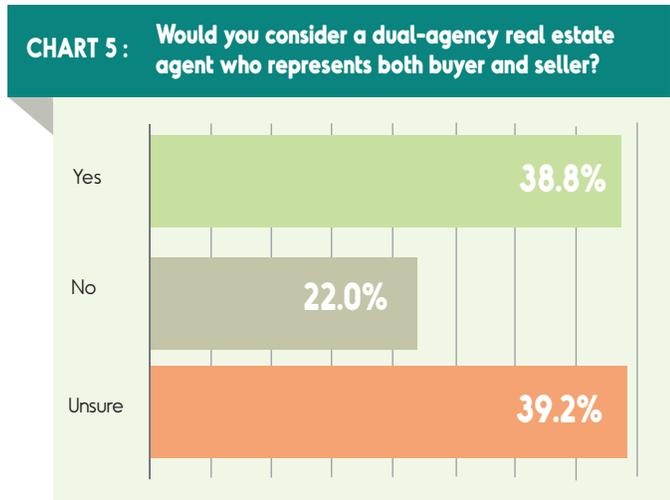
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“Today, many home buyers and sellers do not know whether their agent is representing their interests, those of the other party, or those of neither,” explains Stephen Brobeck, a Senior Fellow at the CFA.

“Given the huge expenditure of a home purchase and the conflict of financial interests between seller and buyer, it is important that consumers know who their real estate agent is actually representing.”

More than 40 states currently allow agents to represent both parties in a sale. What’s more, many of these states don’t require agents to disclose whether or not they have a relationship with the other party involved.



Responses from 1,000 homeowners selling their houses in 2019.

Our data confirms the concerns expressed in the CFA’s study: Many consumers don’t understand the risks associated with dual agency. Nearly 39% of U.S. home sellers would consider working with a dual agency, while another 39% were unsure. Only about 22% of respondents said they wouldn’t consider a dual agency real estate agent. While a dual agency arrangement can work out, buyers and sellers both need to be aware of the potential conflict of interest.

“Home sellers need to understand dual agency. With a traditional seller’s agent, the seller has a fiduciary responsibility to look out for the seller’s financial interest. No such obligation exists in dual agency. Dual agents have to serve two masters in a real estate transaction, so one party (and sometimes both parties) stand to lose.” –Luke Babich, CSO at Clever Real Estate

HOME SELLERS ARE (ALMOST) READY FOR A.I. TECHNOLOGY IN REAL ESTATE

Emerging digital and automated technologies are threatening to displace long-held professions in nearly every industry — and real estate is no exception.

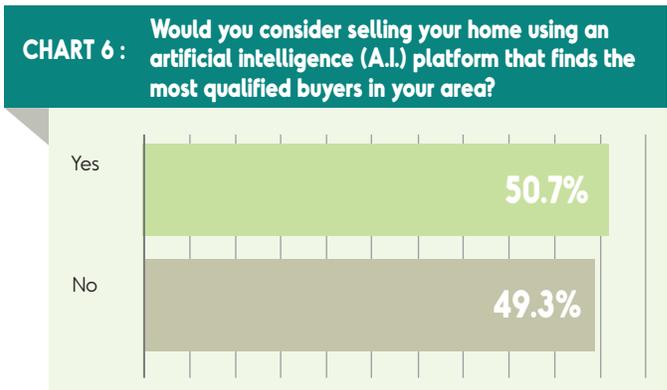
Today, Realtors are facing serious competition from a number of different directions, including A.I.-driven technologies that rely on data and automation to identify qualified buyers and execute real estate transactions.

One example, REX Real Estate Exchange, uses machine learning to target home buyers with highly tailored, digital ads. In addition, the company deploys robots at open houses to field buyer questions.

Of course, it’s still early days for such companies—REX still employs a team of human real estate agents to assist with sales, and has a limited track record to point to as proof of its broader efficacy or staying power.

What is clear, however, is that interest among consumers is growing, meaning that these technologies will continue to emerge and improve—and real estate professionals will need to adapt.

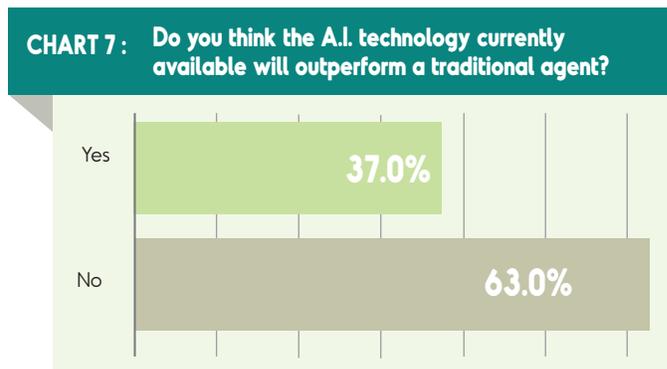
About half of U.S. home sellers say they would consider using an A.I. platform to seek out potential buyers and solicit offers.



Responses from 1,000 homeowners selling their houses in 2019.

However, while they may believe in the value of such a technology, conceptually speaking, it seems that they don’t have full confidence in its abilities—or at least not yet.

Only 37% of survey respondents think that current A.I. and machine-learning technologies are capable of outperforming a traditional listing agent over the course of a real estate transaction.



Responses from 1,000 homeowners selling their houses in 2019.

EVEN FSBO SELLERS NEED AN AGENT (THEY JUST DON’T REALIZE IT)

Despite emerging, industry-disrupting services like flat-fee MLS listings and A.I.-driven platforms, real estate agents still play a key role in the home selling process for most American homeowners.

GROW FASTER



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JUAN RODAS



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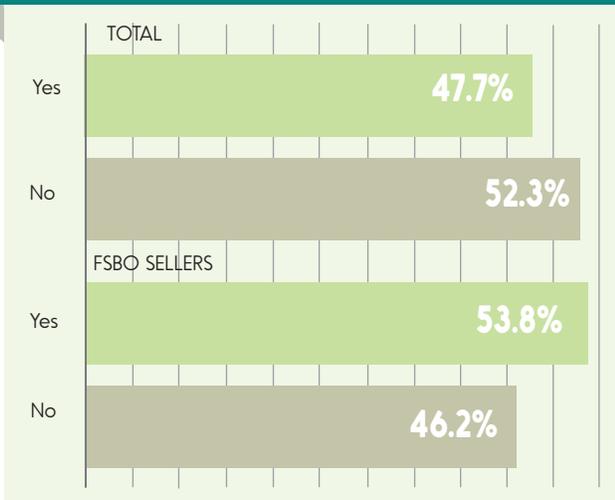
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CHART 8 : Would you feel comfortable negotiating with a home buyer without a real estate agent?

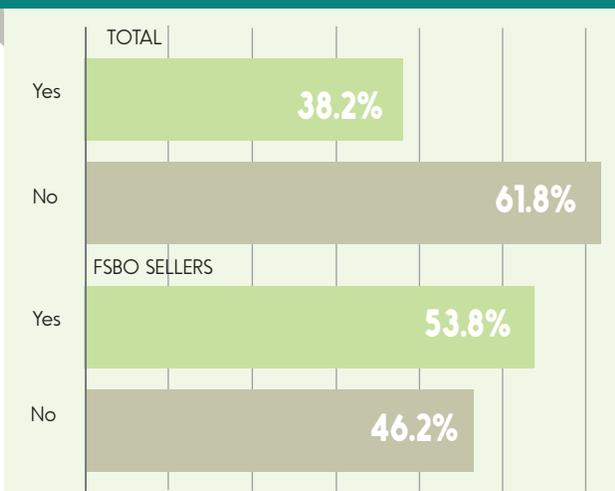


Responses from 1,000 homeowners selling their houses in 2019.
 FSBO Sellers: 145 homeowners who indicated they don't plan to use a real estate agent.

53% of U.S. home sellers said they would not feel comfortable negotiating with a home buyer without a real estate agent's assistance.

Of particular interest was the fact that 46% of respondents who had indicated they were planning to sell their homes FSBO, or without an agent's assistance, said the same thing.

CHART 9 : Would you feel comfortable finding and filling out the necessary paperwork without a real estate agent?



Responses from 1,000 homeowners selling their houses in 2019.
 FSBO Sellers: 145 homeowners who indicated they don't plan to use a real estate agent.

Similarly, 62% of home sellers (and 46% of FSBO sellers) said they would not feel comfortable finding and filling out the requisite paperwork involved in the sale of home without the help of a Realtor.

All of this suggests that many sellers—FSBO sellers in particular—are largely unaware of how complicated and involved the home-selling process actually is.

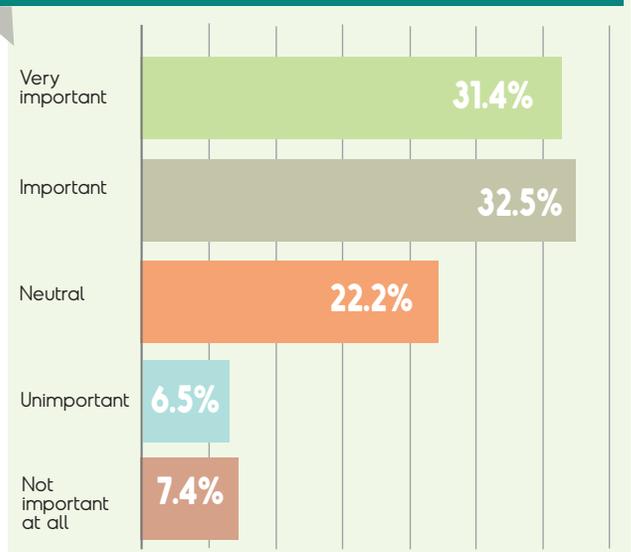
Much of the prevailing data on FSBO selling directly re-

flects this apparent knowledge gap. For example, according to the NAR, in 2017, only 7% of home sales were classified as FSBO. The average FSBO home sold for \$200,000, compared to \$265,500 for agent-assisted sales.

This also suggests that about half of sellers who try to sell their homes by themselves end up using an agent.

63% of homeowners believe that real estate agents continue to play an “important” or “very important” role in the home-selling process. Only about 14% believe that agents are not important.

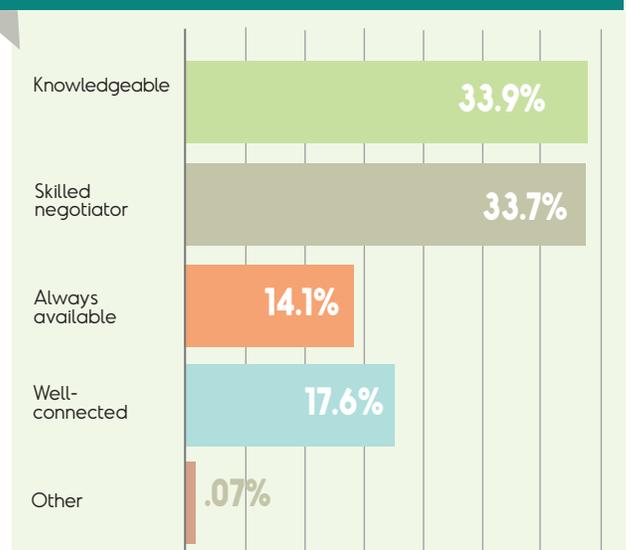
CHART 10 : How important is a real estate agent in the home selling process to you?



Responses from 1,000 homeowners selling their houses in 2019.

In terms of real estate agent traits and skill sets, home sellers prioritize knowledgeable (34%) and negotiation skills (34%) over being well-connected (18%) and availability/accessibility (14%).

CHART 11 : What's the most important attribute in a real estate agent?



Responses from 1,000 homeowners selling their houses in 2019.

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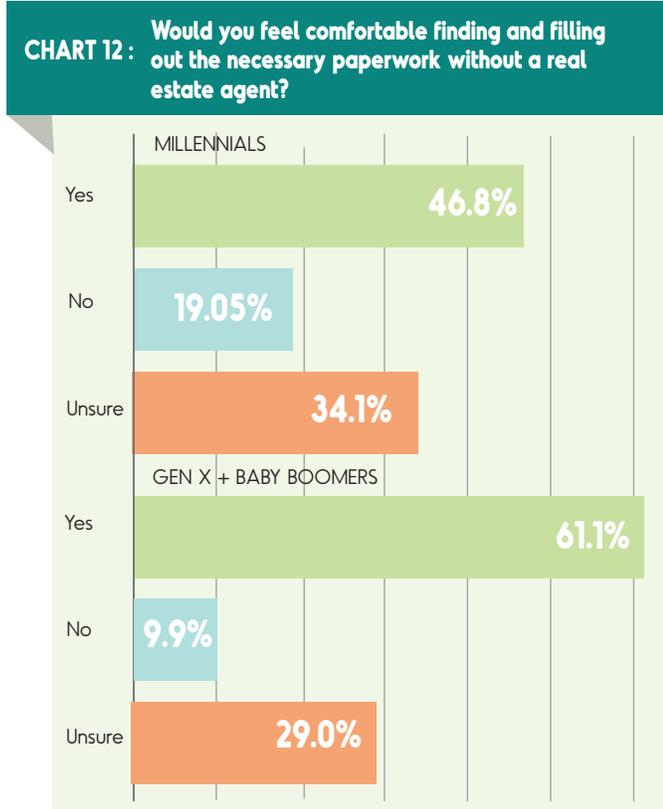


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MILLENNIALS UNDERESTIMATE THE VALUE OF REAL ESTATE AGENTS

Whether due to inexperience or overconfidence, millennial respondents were 93% less likely to use a real estate agent than older generations. They were also two times as likely to say a real estate agent was unimportant or not important at all to the home selling process.



Millennials: 504 responses from respondents ages 18-34.
Gen X + Baby Boomers: 496 responses from respondents ages 35+.

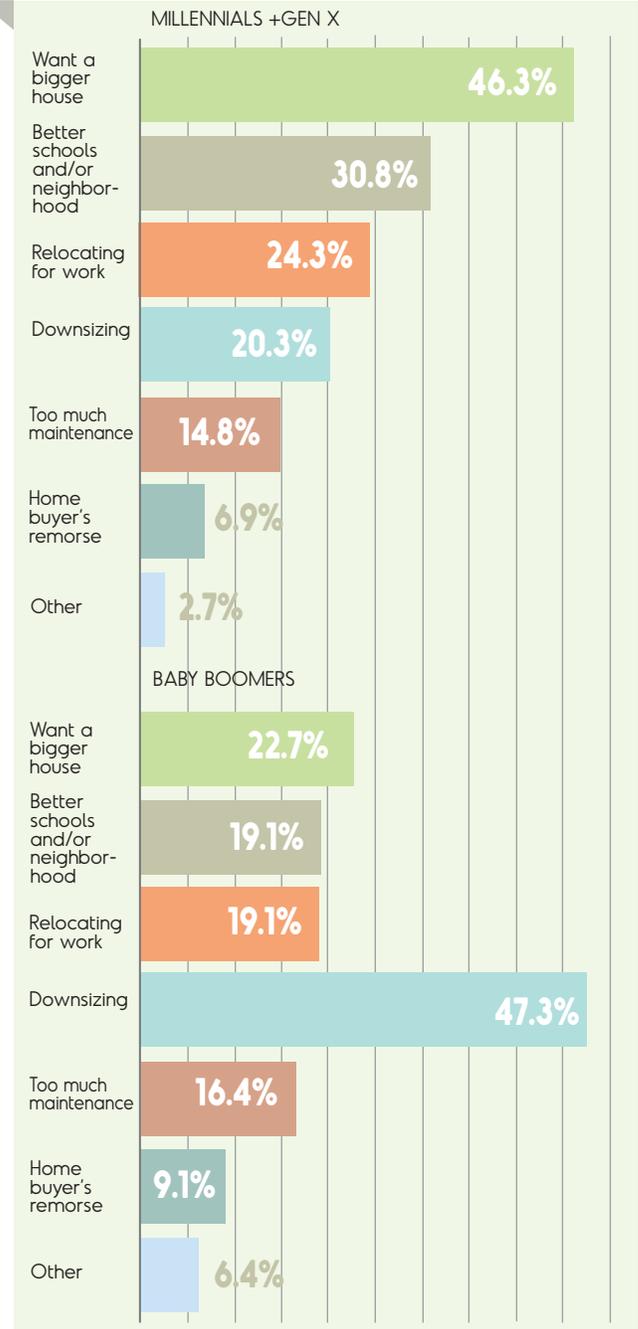
Yet, somewhat contradictorily, 54% of millennials indicated that they wouldn't feel comfortable during buyer negotiations without an agent's assistance. What's more, 61% said they would also feel uncomfortable finding and filling out all of the necessary paperwork on their own.

This impulse to forgo a realtor's assistance might be due to millennials' general lack of home-selling experience: 61% of millennial respondents indicated that they were first-time home sellers.

GENERATIONAL DIFFERENCES IN REASONS FOR SELLING

Many Millennials and Gen Xers (46%) are selling in order to upgrade into bigger homes that offer more space. Conversely, 47% of Baby Boomers are looking to downsize as their children move out and/or they prepare for retirement.

CHART 13: Which of the following are reasons you're selling your house?



Responses from 1,000 homeowners selling their houses in 2019.

Other common reasons for selling among all demographics included moving to better neighborhoods or school districts (30%), relocating for work (24%), and recurrent maintenance issues (15%).

Whatever their reasons for selling, homeowners — and the real estate agents that serve them — face new opportunities and challenges in 2019.

This study was originally published on the Clever Real Estate blog (listwithclever.com/real-estate-blog/the-role-of-the-real-estate-agent/).

FULL SURVEY RESULTS

View the full survey results online here:
www.pollfish.com/dashboard/results/1773068/1056814337

METHODOLOGY

The proprietary data featured in this report derives from an online survey commissioned by Clever Real Estate and conducted by Pollfish. In total, Pollfish surveyed 1,000 Americans who indicated they planned on selling their home within 12 months of the time the survey was taken. Pollfish was responsible for finding and screening respondents based on criteria provided by Clever Real Estate. The survey was completed on Thursday, February 21, 2019.

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Tommy O'Shaughnessy is the Head of Research at Clever Real Estate, the free online service that connects you with top local agents to save on commission. O'Shaughnessy's team of data scientists creates surveys, gather data and analyze trends in housing, real estate and personal finance. He directs public relations efforts, acting as a "data communicator" between his team and the press. Clever studies have been featured in Politico, the LA Times, CNBC, Forbes, Yahoo Finance and other publications.



Tommy O'Shaughnessy

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

- Arlington Community FCU
- Coast Central Credit Union
- Communication Federal Credit Union
- Community West Credit Union
- Dort Federal Credit Union
- First Financial Federal Credit Union
- Florida Credit Union
- Holyoke Credit Union
- Michigan State University FCU
- New England Federal Credit Union
- PenFed (Pentagon Federal) Credit Union
- People's Credit Union

- SELCO Community Credit Union

- Vibe Credit Union

- We Florida Financial

- Yolo Federal Credit Union

CUSO MEMBERS

- Credit Union Financial Services LLC

AFFILIATE MEMBERS

- CBCInnovis

- Class Valuation

- FIC Conferences

- Mortgage Coach

- Navigator Lending Solutions

- Old Republic National Title Insurance Co.

- Vantage Point Title

NOTICE OF ANNUAL MEETING



The Annual Meeting of the American Credit Union Mortgage Association (ACUMA), a non-profit organization, will be held at 8 a.m. on Wednesday, September 25 during the ACUMA Annual Conference at the Gaylord National Resort in National Harbor, Maryland.

Actions to be taken at the meeting are approving reports from officers (including financial statements) and election of board officers.

The meeting is open to all members of ACUMA, including credit union, CUSO and affiliate members.

Homebuyers Want One-Stop Shopping; What Are You Doing About It?



By Tina Powers
CU Realty

The “Amazon Effect” has reached real estate. Homebuyers now prefer a one-stop shopping experience for nearly everything, and real estate is no exception.

The National Association of Realtors (NAR) recently surveyed more than 1,100 homebuyers and discovered that their use of one-stop, real estate services increased from 20% in 2002 to 50% in 2015

NAR highlights the fact that consumers are more likely to turn to a single provider that offers a full range of services vs. multiple providers that offer single services—specifically because they expect to save time and money.

INDUSTRY POWER PLAYERS RESPOND

In this evolving real estate market, revenue growth is all about who reaches the lead first. So it's no surprise to see the industry's power players respond-

ing by making moves towards delivering end-to-end services. That way, no matter where a buyer is on their journey to homeownership, they find the support they need and develop an affinity for that broker or lender.

This is why Rocket Mortgage (Quicken Loans) launched Rocket Homes and was a driving force behind Zillow's recent purchase of a mortgage company. There have also been rumors about Amazon's entry into real estate.

We can only imagine what percentage of the homebuying and selling market the largest online retailer—and inventor of one-stop shopping—might take.

With the competition for real estate

leads heating up, it's becoming more difficult for credit unions to compete for their members' mortgage business. Launching a full-scale, end-to-end solution similar to Zillow is likely not a feasible solution. However, there are some steps credit unions can take to join the game.

TURN YOUR CREDIT UNION INTO AN 'EASY BUTTON'

How can a credit union get members to see them as more than just a lender? It can be as simple as identifying and implementing member services that expand your mortgage program into a one-stop real estate shop. This will attract potential homebuyers while keeping them engaged through financing.

One of the most powerful first steps to achieve this goal is to cultivate strong relationships with local real estate agents and offer referrals to those agents. The annual report on homebuyer and seller behaviors from NAR highlights the fact that more than 40% of buyers and sellers find their agent through a referral.

By adding a referral service, a credit union can support a real need while leveraging the opportunity to promote itself as its members' "easy button" for real estate, where members can not only secure financing, but also find an agent and find a home using that agent. The results: a nice increase in leads looking to buy a home now, as well as up to six to 12 months away.

CREATE AN ENGINE OF RETENTION

Even in today's web-dependent environment, a real estate agent remains a central figure. They are certainly necessary for accessing properties, and they also serve as a valuable resource for everything that follows. It's why many buyers turn to an agent as their next step after looking online.

The timing of the connection be-

“
How can a credit union get members to see them as more than just a lender? It can be as simple as identifying and implementing member services that expand your mortgage program into a one-stop real estate shop.”



tween buyers and agents is why many lenders traditionally target real estate agents as part of their growth strategies. The belief is that if you have strong relationships with agents, you'll see new inbound leads coming into your pipeline—leads that might otherwise have been inaccessible to you.

Unfortunately, many lenders overlook the potential benefits of the reverse: sending leads to agents.

While many buyers turn to an agent before finding a lender, there is still a good percentage of buyers who want to vet out their financials before procuring an agent. And even more buyers want to be connected to an experienced agent through someone's

stamp of approval.

Credit unions that attract homebuying members in need of an agent referral can reach and nurture those leads much earlier in the journey. They can also increase their chances of retaining their loan since the agent is ideally a working partner of the credit union.

In fact, credit unions that use CU Realty's HomeAdvantage® program report average pull-through rates of 82% when their members use a trusted agent referred to them by the credit union.

SIX-STEP CHECKLIST FOR AGENT RELATIONSHIPS

If your credit union is interested in adding an agent network to expand its mortgage program, here is a simple six-step checklist to follow based on some of CU Realty's best practices:

STEP 1: Define your goals.

Think about what it is that you want to accomplish, and what teams need to be involved. What are your expectations? What is your

timeline? Who needs to be a part of the requirements?

At this stage, determine which metrics will be most important. Make these expectations clear and concise, as all of the other steps will be implemented to best support these goals.

STEP 2: Define lead protocols.

Leads are the most valuable pieces of your program, for both your CU and the real estate agents. They are the reason you will be working together. So it's critical to spend time determining how leads will be exchanged and what service levels will be expected. Some things to consider:

- How will you deliver outbound leads to agents?
- How will you select which agent gets the lead?
- How will you track the assignments and progress of the leads?
- Which benchmarks will be important to track?
- What communication standards need to be embedded?

STEP 3: Find real estate agents.

Look at your lending footprint (where your members are buying) and determine the areas in which you will need agent coverage. Consider the volume in those areas and determine how many agents are needed. Then make a list

of the real estate agents in those areas by starting with agents you already have relationships with, or perhaps are members of your CU.

Don't forget to define which agent qualities are most important. For example, you might prefer agents with a strong familiarity in specific neighborhoods or school districts, or who speak a specific language. Or if your average house price is low, make sure the agents you choose work with buyers and sellers in that price range.

STEP 4: Build relationships.

Before your program launches, bring everyone together

“
While many buyers turn to an agent before finding a lender, there is still a good percentage of buyers who want to vet out their financials before procuring an agent.”



for training as well as a formal kick-off meeting. Make plans for frequent meetings and networking events to develop collaborative conversations.

Introduce agents to your CU's products and culture, including your primary membership demographics. At the same time, find out more about the agents. Get to know their specialties, their preferred communication styles, and where any challenges in working together might exist.

STEP 5: Build awareness.

To be successful, you must ensure that two key groups are aware of your expanded real estate services and its value: your employees and your members.

Employees should be trained on important talking points and steps required to promote the program to members and give directions on how to participate. And, of course, your



Leads are the most valuable pieces of your program, for both your CU and the real estate agents ... it's critical to spend time determining how leads will be exchanged and what service levels will be expected.



fied members. By creating your own network of trusted agents who are familiar with

marketing staff should develop messaging, materials, and strategies to get the word out to members.

STEP 6: Measure results.

Once the program is up and running, it's never too early to start measuring results. Consider both qualitative and quantitative results. Monitor the overall volume of leads, as well as leads to specific real estate agents. How many of those leads are staying with your credit union for financing?

Also, don't forget to keep track of how your real estate agent network is performing. We suggest adding a survey into your closing processes to gauge the agent's performance. This is essential to ensuring happy and satisfied members.

your products and culture, and who collaborate with your loan officers, you can expect real change.

Members will see your credit union as more than just a lender. Stronger agent relationships form when you entrust them with your member leads. And your credit union will compete as a full-service real estate provider and close more purchase loans. It's a win-win-win! 

Tina Powers is the Chief Operating Officer of CU Realty, the largest CUSO in the United States. An accomplished business leader with more than 25 years of real estate experience, she oversees operations in sales, marketing, customer service and agent relationships. Powers has been instrumental in expanding CU Realty Service's national footprint, helping credit unions build better connections with both homebuying members and local real estate agents.



Tina Powers

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GSE Reform: A Credit Union Viewpoint



GSE BACKGROUND

The GSEs operated for decades as private companies, and have always operated under a congressional charter to provide a liquid secondary market for common types of home loans. They do this primarily by providing a guarantee of the timely payment of interest and principal to investors in mortgage-backed securities (MBS) comprised of loans they purchase from lenders.

The guarantee supports the deep, liquid global market for U.S. MBS, and benefits homeowners through lower mortgage rates and the availability of popular mortgage products, such as the 30-year fixed-rate loan.

The GSEs failed financially during the housing crisis of 2008—partly due to relaxed credit standards, partly due to large investments in subprime mortgage assets. To that point in time, the GSEs' guarantee was viewed by MBS investors to be an implicit assurance of the U.S. government. Ultimately, this view was proven correct.

When the GSEs failed in 2008, they were placed into conservatorship and the federal government made their guarantees to MBS investors explicit. Whether or not the government should provide such guarantees is one of the two main issues in the current

By Greg Spurgeon
TruHome Solutions

The housing finance system is critical to credit unions and their members. Fannie Mae and Freddie Mac (government-sponsored enterprises, or GSEs) enable credit unions to obtain liquidity—beyond their balance sheets—to originate new mortgages for their members. And they provide this liquidity with unique features that benefit credit unions.

For instance, GSEs buy on a loan-by-loan basis while allowing sellers to retain the right to service after the sale, and they do not consider a seller's volume in determining pricing.

Credit unions need to be aware of the fast-moving discussions unfolding in Washington, D.C., on the topic; some proposals may place smaller lenders, like credit unions, at a distinct disadvantage.

debate. The other is the degree to which affordable housing should influence their mandate.

CURRENT DISCUSSIONS

The taxpayer currently stands behind the guarantees issued by the GSEs, but the Treasury also collects the profits they earn (almost \$300 billion while in conservatorship).

Since 2008, their regulator, the Federal Housing Finance Agency (FHFA) has increased oversight, reigned in their riskiest activities, and enabled the GSEs to issue a new kind of security transferring risk of loss to willing investors, thereby mitigating substantial possible losses to taxpayers.

Some argue that with these changes, the current system is working well. And given the risk to housing and the economy from unintended consequences of reform, why drastically change it?

Because the GSEs are critical sources of liquidity for credit unions, some industry advocacy groups have urged congress to enact GSE reform to ensure a lasting government-supported level playing field for small lenders. But given current political dynamics and the complexities involved, this appears unlikely to happen in the near future.

Because legislative action is improbable, the Trump Administration and the newly confirmed FHFA Director are considering actions that do not require congressional approval.

Most notably, the FHFA Director has discussed allowing the GSEs to build (and perhaps raise) capital that would make releasing them from conservatorship possible. Once privately owned again, MBS issued by the GSEs would no longer carry an explicit government guarantee for investors.

Further, the FHFA Director has discussed limiting the types of mortgage loans the GSEs can purchase, possibly eliminating or restricting

cash-out refinances, second home mortgages, and investor-property loans.

Again, the government's role in housing finance is an important public policy issue, and there are many valid considerations and points of view. But there is little doubt that such actions will reduce the competitiveness of the GSEs and probably those smaller lenders that rely on them.

For example:

- Private capital standards being discussed (for example, 4%) will require the GSEs to earn higher returns, which will result in higher mortgage rates for borrowers.
- Limiting the types of loans that the GSEs can purchase will reduce their overall scale and profitability, resulting in higher mortgage rates for borrowers.
- Eliminating the explicit government guarantee for GSE-issued MBS (by returning the GSEs to private ownership) would increase credit risk to investors and decrease overall demand, again leading to higher mortgage rates for borrowers.

“Because the GSEs are critical sources of liquidity for credit unions, some industry advocacy groups have urged congress to enact GSE reform to ensure a lasting government-supported level playing field for small lenders.”

CREDIT UNION PERSPECTIVE

Many secondary market participants believe private capital in the secondary market will step in as a viable alternative should FHFA actions render the GSEs less competitive, and that may well be true. But private secondary market options are very different for smaller lenders, like credit unions, than selling to the GSEs today.

For instance:

- It is unlikely that private secondary market outlets will allow credit unions selling on a loan-by-loan basis to retain the right to service after the sale.
- The volume of loans sold to

“Private secondary market options are very different for smaller lenders, like credit unions, than selling to the GSEs today.”

private market participants would almost certainly affect the price credit unions would receive, unlike with the GSEs today. This would place most credit unions at a competitive disadvantage compared with larger lenders.

Of course, credit unions have the ability, like other financial institutions, to hold loans on balance sheet. But that capacity is limited, and they can't raise external capital to grow their balance sheets. So a level playing field in secondary market access will remain critical to their role in servicing their members' mortgage needs.

Reducing the risk to taxpayers from housing finance may be a popular philosophical viewpoint, but it likely will hurt credit unions' ability to compete and serve their members.

In general, what makes GSEs less competitive will make credit unions less competitive. ▲

Greg Spurgeon serves as Senior Vice President of Secondary Marketing at TruHome Solutions, a mortgage CUSO providing a full range of private-label services to credit unions nationwide. In his role, Spurgeon is responsible for providing credit unions with easy, efficient and competitive access to the secondary market so they have the ability to grow their mortgage lending program.



Greg Spurgeon

BECOME AN ADVOCATE

ACUMA encourages discussion on important topics, such as GSE reform. The views expressed in the accompanying article are Mr. Spurgeon's. However, they raise important questions about the future of mortgage lending for credit unions. ACUMA encourages you to consider this important topic and make your voice heard by contacting your congressional representative, the FHFA and the White House.

eClosing Can Provide New Ways to Improve Member Satisfaction

By Clint Salisbury
IDS Inc.

Credit unions work every day to help their members realize homeownership dreams. A fundamental concept of this customer service is anticipating the member's needs in the origination process.

This members-first strategy is served by some technological advancements. For example, technologies that promote an eClosing provide a simpler way for members to reach their goals.

Mark Fleming, Chief Economist at First American Financial Corp., writes that “eClosing ... is a faster and more efficient alternative to the traditional paper-based real estate closing. eClosing can also reduce the risk of manual errors in the closing process, improving loan quality alongside efficiency.”¹

However, in implementing eClosing technology, what new needs will the member have? What new opportunities will there be to personally serve the member?

In this member-driven market, members want closing to be simple and efficient, and that brings eSigning ancillary closing documents under the microscope.

To make this process as simple as possible for the member, the credit union must anticipate that their members will need more education about the closing process and closing documents and that the credit union will need to gather eSignatures on the ancillary closing documents prior to the closing appointment.

The net effect is credit unions taking an enhanced role in prepping the member for the closing ceremony.

To accomplish this, credit unions first need to acknowledge that the ceremo-



nial and emotional component of closing on a home is most likely not going away, particularly among first-time homebuyers. As a result, technology adoption and the human touch must complement each other.

Perhaps there is a misconception in the industry that first-time homebuyers, especially the millennial generation, expect a mortgage at one click of the button. According to a J.D. Power 2018 U.S. Primary Mortgage Origination Satisfaction Survey, “just 3% of mortgage customers exclusively rely on digital self-service channels in the origination process.”²

The same study also suggests that a mix of personal and self-service tools will surpass traditional forms of communication in generating more member satisfaction.

LOOKING AT eCLOSINGS

Taking a look at the technology component of an eClosing, the clear benefit is that eClosing creates the ability for members to efficiently eSign their ancillary closing documents prior to the closing appointment at a location comfortable and convenient to the member. This raises member satisfaction, making the process easier for them, and it's no secret that the reason lenders want to adopt technology is to increase borrower satisfaction.

In a recent STRATMOR conference poll, 58% of lenders gave “borrower satisfaction” as their primary reason for investing in mortgage technology in general.³

In May 2019, in a separate webinar poll, IDS narrowed the scope by asking what the primary reason for adopting eClosing technology would be. “Increasing Borrower Satisfaction” was first at 52%. (The other rea-

“
Credit unions first need to acknowledge that the ceremonial and emotional component of closing on a home is most likely not going away, particularly among first-time homebuyers. As a result, technology adoption and the human touch must complement each other.”

sons: being progressive 34%, increasing loan quality 8%, other 6%.)

CUSTOMER SERVICE

The other component, customer service, comes primarily in two parts.

The first part is gathering eSignatures prior to the closing appointment, which may require the credit union to fulfill a different role in the closing process. It increases activity behind the scenes. For example, an assistant will need to monitor a member's eSigning progress.

Lisa Springer, Partner and CEO of the STRATMOR Group observes, “Often there is a tremendous amount of manual activity behind the curtain to make [simple and efficient closings] happen.”⁴

The second part of the customer service component goes hand-in-hand with gathering eSignatures: communication. Credit unions will need to invest in member ed-

ucation about the closing process and closing documents prior to the closing appointment.

This type of member commitment requires dedicating technological resources along with human capital. The credit union can prepare by identifying common questions and concerns and implement the tools to facilitate communication of that information.

For example, while members are previewing the closing documents immediately leading up to closing, they may need real-time communication with an actual person about questions regarding loan summaries, checklists, reminders, details about outstanding items, loan progress and the meaning of closing documents.

To accommodate for this increased hands-on customer service, credit unions will need

to provide the member with multiple channels of communication. Members should be able to communicate person to person by using phone, chats, portals, dashboards, apps, mobile devices and/or video.

As a result, credit unions will need to implement training programs for their employees and use those qualified assistants to create new message centers and closing services to field all member inquiries at varying complexities, regardless of the time of day. These centralized resources offer members peace of mind that they have all the information at their fingertips.

Being able to personally guide members through an efficient closing in this way is the key to increasing the satisfaction of the member, and the results are impressive. Greater borrower satisfaction equals more repeat business and member referrals, which equals higher potential profit.

No other player in the mortgage process is vying for repeat business and referrals from members like credit unions are. It is not necessarily about making the closing process easier for the credit union, rather, it is about making the closing process easier for the borrower.

COST CONSIDERATIONS

But is this a high enough return on the investment in eClosing technology and deploying modified processes and additional staffing and training?

Certainly, there are costs in the short term. A return on investment will probably not be realized until the new technology is implemented in high volume, and that will take some time. However, the potential for profits in the long term is exciting.

Mark Mackey, Vice President & General Manager of IDS, states, “Over the next year or two, the number of eClosings will increase and credit unions will see a larger return on investment as manual activity behind the scenes becomes more automated, which will result in superb customer service and a great home-buying

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Greater borrower satisfaction equals more repeat business and member referrals, which equals higher potential profit.”

experience for the member. I'm confident that some short-term costs will result in long-term payoffs."

The adoption of eClosing technology and the additional customer service responsibilities outlined above take real commitment and a well-defined strategy. This brings the credit union and its members closer together. The emotional connection has been forged and is solidified at the closing appointment when shaking hands and sharing a smile.

The mortgage industry is known for its slow adoption of technology; however, technology often marines for a while and then suddenly it is upon you. There will be some contenders who are ready and will vault into a leadership position, while others may remain at status quo or even fall behind based on their lack of preparedness.

By committing now, credit unions open the door to serve their members in different and creative ways as mortgage technology evolves. ▲

Since 2008, Clint Salisbury has served in many roles at IDS Inc. His breadth of experience includes In-House Council and Director of Implementation, giving him unique perspective into the mortgage industry. As Northern Regional Sales Director, he uses two core principles: seek to solve problems and be helpful in any way possible.



Clint Salisbury

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– Todd Lambright, VP of Sales, Georgia's Own Credit Union

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Social Media Compliance: Eliminating Risk with Effective Monitoring

By Michael Stallings
Comerence by Optimal Blue

The idea of exponentially increasing a loan officer's origination potential without incurring additional expense sounds too good to be true. It is and it isn't.

Today's most successful loan officers have learned to leverage the marketing power of social media to promote their brand, engage with current and potential customers, and communicate in an innovative, modern and influential way.

Every financial institution with member-facing employees should take advantage of the abundance of opportunity available through social media. In today's dynamic landscape, these platforms serve as an extremely powerful business development tool for lenders looking to gain market share and the implementation of a robust social media strategy—both at the corporate and loan officer level—is a huge competitive differentiator.

SOCIAL MEDIA FALLS UNDER COMPLIANCE REGULATIONS

However, it is important to note that actively using these communication channels is like any other form of print or digital advertising, and therefore, subject to strict compliance regulations. An organization will always be held responsible for any representations made on social media by an em-

ployee on their personal accounts, past employees included.

Further, there are seven requirements under the Federal Financial Institutions Examination Council (FFIEC) Guidelines for social media compliance, and each one plays a role in contributing to an effective compliance program.

When evaluating a social media compliance platform, today's leading credit unions look to known, trusted brands that have designed technology specifically for the mortgage industry--developing a fully automated, single solution for social media monitoring, audits, collaboration and publishing.

Flexible configurations support unique policy, procedural and operational needs,

while simultaneously aiding the organization to effectively monitor activity and stay ahead of compliance requirements.

In order to successfully expand visibility on the numerous social media platforms, an organization needs to develop real-time monitoring capabilities that instill management confidence. This is best achieved with dedicated tools and resources, whether proprietary, third-party technology solutions or outsourced third-party services. Ensuring proper oversight is simply too cumbersome to be effectively managed otherwise.

WHY MONITORING IS IMPORTANT

Monitoring is the backbone of any social media compliance program, as it is the foundation for an organization to effectively manage numerous internal practices and external regulations.

The introduction of monitoring capabilities can produce substantial benefits, allowing an institution and its employees to safely promote activity that generates more leads, creates business opportunities and extends market reach.

With a proactive approach, monitoring will highlight potential risks, escalate applicable issues and create valuable training opportunities.

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In today's dynamic landscape, [social media] platforms serve as an extremely powerful business development tool for lenders looking to gain market share.



PRIORITIZING A MONITORING PROGRAM

The prospect of monitoring all loan officer social activity can seem endless at the onset. When preparing a monitoring program, it is important to complete thorough due diligence to ensure the structure of the program is well organized.

If an organization's due diligence has been thorough, then it will know which activities and loan officers should be prioritized for monitoring purposes. Although it is important to monitor all actions and staff, there will always be a select few that represent the majority of risk to an organization.

The first factor of a robust monitoring platform to consider is activity-honing in on the 20% to 30% of loan officers that are most active on social networking channels. Be aware of what they have posted in the past, as well as what they continue to post after the compliance policy training is complete.

The more active a loan officer is, the more attention that will be required.

Significant activity does not necessarily correlate to more compliance violations. In fact, many find that the social media-savvy loan officers are often the best at following compliance policies. Therefore, careful and thorough monitoring of ALL employees remains critical to the success of a monitoring program, policy administration and risk prevention.

MONITORING: WHAT TO LOOK FOR

Every company's social media compliance policy will differ to a certain extent. Some regulations are industry-wide, while some are program or geographically specific. As a result, an organization's compliance practices and policies are unique to that company and brand.

Robust, real-time monitoring of trigger terms and relevant keywords, backed by a detailed policy, remains the most effective way that an organization can manage these areas and avoid potential violations while protecting corporate reputation

“Monitoring is the backbone of any social media compliance program, as it is the foundation for an organization to effectively manage numerous internal practices and external regulations.”



and public perception.

Potential violations can include:

Non-Compliant Activity. Ideally, an organization will employ a social media compliance platform that can quickly recognize non-compliant activity so that it can be promptly addressed and future problems can be circumvented in advance.

Policy Changes. External regulations will change, social media channels will advance, and internal policies will need to reflect this evolution. Policy changes should be understood

and effectively communicated to all employees.

Repeat Offenders. It is common for mistakes to happen or for an employee to have an occasional lapse in judgment, irrespective of solid policies and training. It is important to take the necessary time to isolate those that are repeatedly not adhering to policy, as this information may be used to create additional training opportunities and aid in disciplinary action, if necessary.

MONITORING VS. AUDITING

Social media compliance monitoring has traditionally entailed an internal management process that is designed to oversee corporate digital marketing, a presence on social media platforms and related online activities.

However, with social media outlets and activities expanding at an exponential rate, coupled with the oversight of varied regulatory governing bodies, monitoring has quickly grown to also encompass a loan officer's professional and personal social media use.

As such, financial institutions are instructed to develop programs that monitor information posted on social media sites, as well as create audit functions that ensure ongoing compliance with internal policies, applicable laws and regulation.

Auditing, although similar to monitoring, is a separate process entirely.

Whether conducted in-house or by a third-party auditor, this function is

more specific in its capacity to track historical activity, collect data, and recognize potential concerns. Thoughtful and careful analysis to identify what audit data is important to the corporate brand and compliance oversight will help maximize monitoring results.

This rearview perspective allows an organization to readily analyze trends, prevent re-occurrence, and minimize potential violations.

USING AUTOMATED SYSTEMS TO STREAMLINE PROCESSES

More and more financial institutions and compliance managers are taking advantage of the latest technology to aid in monitoring, as well as auditing and reporting processes. Technology not only allows an organization to manage more activity, it also provides informative data to assist in securely growing a corporate social media presence.

Most internal monitoring procedures can be readily automated with custom parameters set to clearly recognize violations on the national, state and corporate levels. Simultaneously arming origination teams with the right technology and training to manage consistency, compliance and brand recognition is worth the investment.

Whether an organization is currently evaluating its own social media compliance strategy or just getting started, it is imperative to employ a proactive policy that addresses necessary guidelines and ensures that compliance is in place. As programs and organizational needs evolve, be sure to update policies based on what is learned in the process and always monitor based on policy.

This full circle approach will help guarantee an institution realizes the full potential social media has to offer. ▲

Michael Stallings serves as Vice President at Comergence by Optimal Blue. He oversees the production and development of the industry's only fully automated, end-to-end social media compliance tool available to, and designed specifically for, today's mortgage originator.



Michael Stallings

What Are the Factors for Success in Credit Union Mortgage Lending?

By Deborah Hill
MortgageHippo



Many credit unions focus on non-mortgage lending. Some only offer mortgages through CUSOs. Some don't offer mortgages at all. This article looks at three key factors that can help determine whether a credit union will have success offering mortgage loans.

Let's start by looking at the mortgage opportunity in 2017 (the last year data was available) and how much of it was due to Credit Union origination. According to statistics published by Lending Tree in December 2018¹:

- \$1.75 trillion in mortgages were originated in the United States in 2017.
- Credit unions' share of mortgages originated in 2017 was 9%.

Clearly, credit unions have an opportunity to grow their market share, especially since 76% of credit union members are homeowners, according to a survey published by CUNA in July 2014.²

PROFITABILITY

Independent mortgage banks and mortgage subsidiaries of chartered banks reported a net loss of \$118 per loan originated in the first quarter of 2018, according to an article published by HousingWire in December 2018³. This creates an opportunity for credit unions that have lower capital and marketing costs.

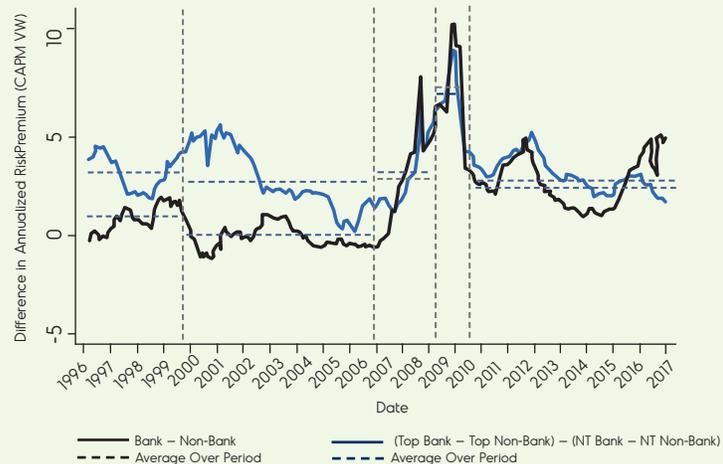
The cost of capital factors heavily into lending for banks vs non-banks,

according to a June 2018 staff report by the Federal Reserve Bank of New York.⁴ The cost of capital for banks over the last 20 years was consistently higher than the cost of capital for non-banks, the report states. It attributes the cost difference to regulatory requirements that only apply to banks.

The report states that the banking in-

dustry's value-weighted cost of equity capital soared to over 15% during the financial crisis, but then declined by 4.5% relative to non-banks after the passage of the DFA to 10.5%. "At the same time, banks' cost of capital has differentially increased by 1%-to-2% in the post-DFA period relative to the late 1990s," it notes. (See "Cost of Capital" chart.)

The cost of capital for banks compared to other industries



This figure plots the difference in the CAPM cost of capital estimate net of the risk-free rate for banks and top banks relative to other firms in the CRSP-Compustat universe value-weighted by market capitalization from March 1996 to December 2017. The dashed lines plot the average differences across subperiods.



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Credit Union Enterprise Sales
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A credit union's tax-exempt status results in a lower cost of capital. Given their ability to profit on mortgages in a low-rate environment, why then aren't credit unions capturing more market share? Let's look at the second decision credit unions must make before offering mortgages.

Like any other type of lender, credit unions need to manage loans after they close; they need to decide if they will warehouse and service the loans, sell them to a GSE or sell them to another entity. Each strategy has costs and benefits.

WAREHOUSE AND SERVICE

When credit unions keep loans on their books they reduce the amount they have available for other loans and they take on risk. Risks include default and concentration risks—collateral type, lien position, geographic area, non-traditional terms (such as interest-only, payment option or balloon payment), fixed or variable interest rate, low or reduced underwriting documentation and loan-to-value (LTV), according to a "Supervisory Letter on Concentration Risk" from NCUA.⁵

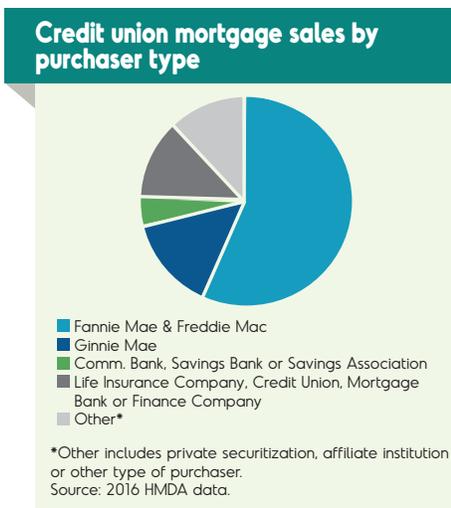
Risk can be mitigated with hedging strategies, but hedging reduces margin. On the other hand, servicing may generate fee income, and holding the loan provides a steady stream of payments, similar to a bond.

Some credit unions hold loans for up to a year, then sell them to GSEs; this is called selling before the loan "seasons," and it allows the credit union to collect the full spread on the loan for up to 12 months.

GSEs

Based on data released under the Home Mortgage Disclosure Act (HMDA), credit unions tend to utilize Fannie Mae and Freddie Mac more heavily than banks and thrifts. Among respondents to this year's survey, 24% sell mortgages to Fannie Mae, 12% sell to Freddie Mac and 11% sell to both, according to a survey in the "NAFCU Report on

Credit Unions" from November 2017.⁶ (See "Sale by Purchaser Type" chart.)



The GSEs will buy a qualified loan during the first 12 months of the loan term; after that, the loan is considered "seasoned," which adds conditions that cost the lender money. The GSEs also charge up to 50 basis points for the transaction, which can erode the total return on the loan significantly.

However, selling qualified loans to the GSEs is easy and supported by many Loan Origination Systems.

SECONDARY MARKETS

Through June 2017 credit unions sold 34% of first mortgage loans originated in the calendar year. Credit unions that participated the 2017 NAFCU survey indicated that, on average, 72% of their outstanding first mortgage loans qualify to be sold on the secondary market (up from 57% in the 2016 survey).⁷

Secondary markets may have lower selling costs and take non-qualified loans. Since non-qualified loans generally have richer fee income and higher interest rates, the ability to offer non-qualified loans helps the credit union's bottom line. Negatives associated with secondary markets include access to buyers, broker fees and longer time in the credit union's warehouse.

OTHERS

Among alternatives for plac-

ing mortgage loans, according to the "Supervisory Letter on Concentration Risk" from NCUA, the most popular were mortgage wholesalers (32%), FHLBs (26%), and credit union service organizations, or CUSOs (24%).⁵

CUSOs in particular are moving strongly into offering mortgages for their credit union clients. Many take on the burden of managing the borrower through the application process, regulatory requirements and disposing of closed loans. However, their fees may impact a credit union's margin on the loan.

Some credit unions contract with CUSOs as a way to get started with mortgage loans, then take mortgages back in-house once their loan volume is sufficient to cover the cost of internal Loan Officers and compliance management.

LOAN TYPES

Loan Types are the last major decision for a credit union. Loan Types may be imagined as a grid that has the Loan Purpose on one axis and Loan Buyers on the other axis. (See "Loan Type" chart.)

A Loan Purposes can include:

- Purchasing a home, vacation property or investment property.
- Refinancing a property to get a lower interest rate, shorten the term or get cash out.
- Home Equity Loans allow the borrower to take a lump-sum loan collateralized by real property. A borrower may have more than one lien on the home when this occurs. Home Equity loans work well when a borrower needs a well understood sum of money for college tuition, medical bills or debt consolidation.
- A Home Equity Line of Credit, or HELOC, is a revolving credit line the borrower can tap as needed. HELOCs are commonly used to finance renovations or in other situations when the borrower isn't sure how much money will be needed.
- Construction Loans finance home building or significant construction projects. These loans are installment-based, issued to the borrower in incremental payments as construction milestones are met. These

“Like any other type of lender, credit unions need to manage loans after they close; they need to decide if they will warehouse and service the loans, sell them to a GSE or sell them to another entity.”

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loans are difficult to administer and require specialized knowledge

- Reverse Mortgages allow homeowners to receive a monthly payment against the value of their property. Commonly to pay monthly bills for elderly or older disabled persons, reverse mortgages are heavily regulated and they are rarely offered by credit unions.

Loan Buyers can include:

- Qualified Mortgages meet the guidelines set forth by the GSE. Generally, these are loans to people with standard employment relationships, good credit scores and loan values under a specified threshold.
- Non-Qualified Mortgages violate any of the conditions set forth by GSEs for qualification. The borrower might have a slightly lower credit score, be self-employed or need a loan that exceeds the GSE threshold.
- Smaller credit unions might participate in Loan Syndication to gain exposure to the asset class. A syndicated mortgage is a partnership involving two or more investors in a specific, targeted mortgage. A syndicated mortgage is an investment in a single real estate loan, rather than a pool.

out refinance loans they can sell to a GSE.

Construction loans are easy to resell to Fannie Mae. However, the credit union needs to hire or train a Loan Officer to properly communicate how it works. They may also need other specialized staff to administer the payments.

HELOCs and reverse mortgages add layers of regulatory burden and uncertainty about disposition. In many cases they are offered by very large credit unions or CUSOs that can afford more compliance people and oversight.

OPPORTUNITY

Of course, credit unions offering mortgages need to offer basic purchase and refinance options. Since competition for those loans drives down rate and fee income, consider adding lump-sum, home equity loans that generally have higher interest rates and fees.

Based on MortgageHippo research and our clients' 2019 experience, there's an increasing opportunity for credit unions to provide lump-sum, home equity loans.

Most of our clients start by offering cash-out refinancing options to members who need to pay tuition bills or consolidate debt, then the client can move into second liens as its team becomes more comfortable and builds up secondary market relationships.

fer mortgage loans. In the end, credit union size and risk appetite are the key factors for this decision.

We've also seen how CUSOs can help credit unions explore offering mortgages without taking on the compliance and cost risks of an in-house program.

Finally, we looked at the types of loans a credit union might offer to understand why purchase and refinance loan types are more common than home equity, construction, HELOC and reverse liens. ▲

Deborah Hill is the Vice President of Client Success and Operations at MortgageHippo. She has more than 10 years of experience helping financial services customers gain efficiencies through implementation and use of software. She has also worked at several early-stage Fintech firms and Backstop Solutions Group. Deborah holds a Bachelor's Degree in Economic Theory and an MBA.



Deborah Hill

	GSE "Qualified"	Secondary Market	Syndicated
Purchase	Yes	Yes	Yes
Refinance	Yes	Yes	Yes
Home Equity	Yes (secondary liens)	Yes	
HELOC	No	Yes	
Construction	Yes with limits	Yes	
Reverse	No	Yes	

Examining the chart, we see purchase and refinance loans are the easiest to offer. They are well understood loans that the credit union may easily sell on to a GSE, so they provide predictable top and bottom line results.

Home equity loans are generally the next step for credit unions. Often they start along this path by providing cash-

Some credit unions keep home equity loans on their books, especially if they are smaller, shorter duration loans.

Larger credit unions may also benefit from offering construction loans.

SUMMARY

We've looked at the three factors that go into a credit union's decision to of-

Article Sources:

Here are the URLs to the online information sources used in this article.

- ¹ Article published by Lending Tree in December 2018. www.magnifymoney.com/blog/mortgage/u-s-mortgage-market-statistics-2018/
- ² Survey published by CUNA in July 2014. news.cuna.org/articles/39389-who-are-your-members
- ³ Article published by HousingWire in December 2018. www.housingwire.com/articles/47606-mortgage-lender-profits-reach-new-low-for-q3
- ⁴ Staff report by Federal Reserve Bank of New York published in June 2018. www.newyorkfed.org/medialibrary/media/research/staff_reports/sr854.pdf
- ⁵ "Supervisory Letter on Concentration Risk" from NCUA. www.ncua.gov/files/letters-credit-unions/LCU2010-03Encl.pdf
- ^{6,7} "NAFCU Report on Credit Unions" from November 2017. www.nafcu.org/sites/default/files/data-research/economic-credit-union-industry-trends/industry-trends/Annual%20Report%20on%20Credit%20Unions/NAFCU%20Report%20on%20Credit%20Unions%20-%202017.pdf

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

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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.



THEY TOOK THE NEXT STEP!

ACUMA WORKSHOPS 2019

ACUMA's annual spring workshops drew big crowds to San Diego in May and Nashville in June. The two-day "deep dive" program featured sessions on affordable housing, TRID and HMDA implementations, appraisals, social media, LOS selection, recruiting/mentoring and more. As always, there were plenty of opportunities for discussions and networking.



The sessions included many opportunities for questions and sharing best practices.



Attendees enjoy the hot breakfast buffet. Hot lunch was also included both days.



Victor Williams from Randolph Brooks FCU raises a hand to ask a question during a morning session.



Gloria Dixon of BECU, Tammy Trefny of Fannie Mae, and Jose Camillo of Sunmark FCU discuss affordable housing outreach with facilitator Tracy Ashfield.



Former CU executive Shari Storm, author of “Motherhood Is the New MBA: Using Your Parenting Skills to Be a Better Boss,” talks about recruiting and mentoring employees.



Compliance consultant Michael Christians answers a question during a session on TRID.



Nikki Cain of Vantage West CU participates in the panel discussion “Growing Market Share within your Existing Membership.”



Marsha Bradshaw from Tower Federal Credit Union and Russell Francom of Mountain America CU talk about HMDA changes.



ACUMA President Bob Dorsa introduces a workshop session.

THEY TOOK
THE NEXT STEP!
 ACUMA WORKSHOPS 2019



Linda Clampitt, representing San Diego workshop sponsor Member First Mortgage, offers a short description of her company to attendees. Also sponsoring the workshop were IDS, MGIC and Navigator Lending Solutions.



Economist Amy Crews Cutt shares her “big picture” view on housing finance.



Badges await pickup by attendees on the first morning of the workshop.



Jason Sesena of Westerra Credit Union (above left) and Barry Stricklin of Tower FCU, participate in panel discussions.



Michael Stallings of Optimal Blue (left), Nicole Pode of Patelco CU and Ben Smidt of MGIC talk about social media strategies with facilitator Tracy Ashfield (right).



Barbara Hugie from SESLOC FCU appears with the “Building Out your Tech Stack” talk-show panel.



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But before you plan your travel, please check our expanded agenda online for the sessions that interest you. The conference format has changed—it offers more educational and networking opportunities than ever.

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Making a Difference

■ Michele Murphy Named to Sales Post at KeyPoint CU

MICHELE MURPHY has joined KEYPOINT CREDIT UNION as Director of Real Estate Sales. She will be responsible for expanding the Santa Clara, California-based credit union's mortgage lending presence, building the team of mortgage specialists and fostering new real estate lending partnerships.

Previously, Murphy served as Director of Real Estate and Business Lending at OE Federal Credit Union, the country's largest labor-based credit union. She has also held positions at SunTrust Mortgage, NationsBanc Mortgage and Bankers Mortgage Source.



Michelle Murphy

■ Houston Federal CU Implements CU Realty Service's HomeAdvantage

HOUSTON FEDERAL CREDIT UNION (HFCU) has partnered with CU REALTY SERVICES to implement HomeAdvantage® as a new service offering for its more than 58,800 members.

HomeAdvantage is a turnkey real estate marketing platform from CU Realty Services, the largest real estate Credit Union Service Organization (CUSO) in the United States.

Based in Sugar Land, Texas, HFCU is the third credit union in Texas to offer HomeAdvantage. The CU will utilize the platform to attract home-buying members and nurture them until they are ready to make a move.

The HomeAdvantage program features a co-branded member portal filled with valuable real estate tools for members, including the ability to search property listings, estimate property values and connect to an experienced real estate agent vetted by both CU Realty and HFCU.

■ Fintech Startup LenderClose Adds Employees

Des Moines, Iowa fintech startup LENDERCLOSE has expanded its staff, adding three new employees. To meet demand from its growing client base of community lenders nationwide, LenderClose has increased its workforce by more than 15 employees in the first half of 2019.

Joining the LenderClose team in July are sales representatives TROY ALLEN and KATHY BELL, and software developer CALEB SALT.

Allen, of Altoona, Iowa, is the former regional manager of Community 1st Credit Union in Indianola, Iowa. During his more than 17 years in banking, Allen achieved consistent loan and deposit growth and was recognized as a top sales professional.

Bell, of Grimes, Iowa, brings extensive experience in sales and business development, having most recently worked as a client executive with ACS and a senior sales executive with Dice Holdings, both in Urbandale, Iowa. She has expertise developing sales strategies in highly competitive markets.

Salt, of Chattanooga, Tennessee, is a developer with experience designing, coding and deploying software systems for more than 400 companies. In his most recent role as a software programmer analyst for IMT Computer Services in Des Moines, he worked in a fully test-driven development (TDD) agile programming environment.



Troy Allen



Kathy Bell



Caleb Salt

■ Consumers Credit Union Recognized as Veteran-Friendly Employer

The Michigan Veterans Affairs Agency has certified CONSUMERS CREDIT UNION as a silver-level Veteran-Friendly Employer in recognition of the organization's dedication to hiring and retaining veterans.

Veteran-Friendly Employer (VFE) certification means Kalamazoo, Michigan-based Consumers CU joins companies like GM, Kellogg's and Whirlpool, and many others who also have robust veteran hiring programs. There are more than 285 employers in the VFE program today, but only 9% have reached the silver-level certification.

■ Mortgage Coach Adds Patelco to Total Cost Analysis

With the addition of PATELCO CREDIT UNION, provider MORTGAGE COACH continues to accelerate and grow mortgage home loan financing for credit unions nationwide.

The Mortgage Coach Total Cost Analysis advances a credit union's commitment to providing every member with personalized service and home loan education, while providing a significant increase in mortgage volume.

"With a personalized Total Cost Analysis experience, every member can receive our professional advice accompanied by simple charts and graphs that analyze competitive mortgage loan options anytime, anywhere, on any device," said Andrew Kush, Director of Mortgage Sales at Patelco Credit Union.

Mortgage Coach streamlines and removes steps in the process to enhance the member experience. The Mortgage Coach TCA combines the most crucial technology requirements of modern mortgage lending with the dedication to transparency found at every credit union, creating an instant competitive advantage for these key community lenders.

■ 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.korfmacher@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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Don't Let a Little Dip Get You Down



By Tracy Ashfield

With a few exceptions credit unions had a tough first quarter. First mortgage volume was down for almost all the credit unions in the Top 50.

Interestingly enough as I looked deeper into the rankings and compared first quarter 2018 with first quarter 2019, it was nice to see that some mid-sized credit unions were having increased mortgage activity quarter over quarter.

It's also always nice to see more credit unions committing to be their members' choice for home mortgage loans.

However, it's difficult to see credit union mortgage market share take a dip for the first time since 2005. It is down less than one-half of 1% in the first quarter. But that's still down.

Let's face it: many factors are in play here. There's intense competition and a serious shortage of housing inven-

tory in many markets. I know everyone hopes the preapprovals will result in funded loans, but it's tough where there aren't any houses to buy.

Credit unions sold 32% of the loans they wrote in the first quarter, which is down a little from last year. Recently, I have been hearing from people that sales are up in second quarter as the low rates have made keeping the assets a little less attractive.

But I have also found a lot of buzz about credit unions trying to reduce concentration in indirect auto loans and investing in mortgages.

The bottom line, don't let one little dip deter you from keeping your foot on the proverbial gas!



It's difficult to see credit union mortgage market share take a dip for the first time since 2005. It is down less than one-half of 1% in the first quarter. But that's still down.



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 March 31, 2019

	\$ Originated 1st Mortgages (Fixed & Adjustable)	# Originated 1st Mortgages (Fixed & Adjustable)	\$ Outstanding 1st Mortgages (Fixed & Adjustable)	\$ Sold 1st Mortgages
Top 300 1st Mortgages Originated CUs	20,372,749,052	93,653	311,255,097,617	8,041,869,987
All Originating CUs (2,657 CUs)*	25,988,121,697	136,704	432,184,299,057	9,479,857,003
Top 300 Share	78.4	69	72.0	84.8

*CUs who granted \$10,000 or more 01/19 - 3/19

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Top 300 First Mortgage-Granting CUs Market Share as of March 31, 2019

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	\$2,914,085,965	10,859	\$34,860,111,302	\$1,654,346,136	\$34,325,570,834
2	NC	State Employees'	\$836,712,579	4,784	\$17,396,522,230	\$0	\$110,739,157
3	MI	Lake Michigan	\$436,033,840	2,685	\$3,896,285,884	\$363,389,498	\$7,746,629,186
4	WA	BECU	\$388,966,315	1,122	\$6,526,929,333	\$98,649,697	\$3,755,900,875
5	CA	First Tech	\$335,531,777	711	\$5,181,762,656	\$173,339,874	\$4,815,880,154
6	NY	Bethpage	\$319,883,621	1,792	\$3,721,388,392	\$133,426,270	\$5,660,569,174
7	UT	Mountain America	\$283,416,087	2,285	\$2,491,209,996	\$107,778,728	\$1,549,582,826
8	CA	SchoolsFirst	\$252,541,049	658	\$3,909,542,147	\$52,244,331	\$1,812,141,910
9	ID	Idaho Central	\$240,628,292	1,229	\$1,568,242,876	\$148,746,220	\$2,062,113,659
10	UT	Utah Community	\$215,766,581	2,259	\$474,467,959	\$44,345,682	\$742,704,778
11	VA	Pentagon	\$204,707,877	700	\$10,700,111,377	\$327,091,188	\$6,186,620,848
12	CO	Elevations	\$200,984,146	577	\$903,825,830	\$144,411,234	\$3,784,876,612
13	CA	Logix	\$188,866,645	382	\$3,698,793,201	\$21,666,740	\$1,676,758,321
14	TX	University	\$181,672,923	621	\$933,768,775	\$159,120,680	\$1,897,969,319
15	TX	Security Service	\$180,066,316	1,146	\$2,583,133,678	\$39,475,761	\$1,405,314,731
16	AK	Alaska USA	\$177,301,762	556	\$1,062,051,529	\$128,763,243	\$5,062,116,013
17	OR	OnPoint Community	\$159,636,361	1,500	\$1,763,072,849	\$85,101,610	\$2,045,067,332
18	CO	Bellco	\$157,164,889	211	\$1,104,275,145	\$27,996,417	\$700,602,357
19	UT	America First	\$156,420,775	1,990	\$1,234,803,313	\$81,810,799	\$2,483,418,644
20	MN	Wings Financial	\$153,213,386	368	\$1,893,302,810	\$26,433,649	\$339,864,992
21	IA	University Of Iowa Community	\$153,016,294	541	\$3,018,595,683	\$121,971,206	\$92,823,221
22	CA	Patelco	\$152,332,555	318	\$2,976,682,519	\$25,244,869	\$967,418,256
23	TX	Randolph-Brooks	\$151,996,387	1,143	\$2,668,483,903	\$98,327,155	\$865,792,422
24	MA	Digital	\$148,198,952	373	\$2,192,974,370	\$90,037,283	\$2,562,982,241
25	WI	Landmark	\$148,037,342	763	\$1,224,403,625	\$65,434,609	\$2,454,590,760
26	WI	Royal	\$136,745,686	1,492	\$986,675,910	\$31,725,507	\$1,622,117,097
27	FL	VyStar	\$131,444,465	736	\$2,581,577,354	\$2,329,655	\$210,849,134
28	CA	Golden 1	\$127,470,117	360	\$2,900,789,670	\$25,062,720	\$824,959,326
29	WI	Summit	\$127,062,428	595	\$1,687,794,567	\$64,977,420	\$1,892,003,336
30	NY	State Employees	\$123,273,383	520	\$979,423,186	\$61,708,144	\$1,994,318,257
31	OH	Wright-Patt	\$122,117,331	824	\$1,140,838,400	\$4,635,897	\$5,095,790,897
32	CO	Ent	\$121,595,285	462	\$2,357,549,159	\$6,633,973	\$825,307,933
33	IA	Veridian	\$119,890,122	806	\$1,476,922,149	\$56,295,381	\$121,951
34	TN	Eastman	\$119,641,110	1,102	\$2,501,238,852	\$0	\$2,256,389
35	FL	Suncoast	\$119,231,166	660	\$2,561,297,108	\$0	\$267,591,793
36	IN	Evansville Teachers	\$117,843,658	755	\$653,200,723	\$74,295,841	\$494,193,519
37	PA	Members 1st	\$117,095,883	634	\$915,702,448	\$36,467,543	\$249,022,579
38	CA	San Diego County	\$114,546,250	252	\$3,558,816,823	\$0	\$546,220,940
39	CA	Kinecta	\$112,767,495	207	\$2,074,755,587	\$33,089,878	\$2,959,930,338
40	IL	BCU	\$111,759,385	819	\$1,472,964,818	\$44,141,284	\$2,205,719,337
41	WI	University Of Wisconsin	\$109,169,989	526	\$763,145,265	\$59,704,000	\$2,099,502,872
42	NC	Coastal	\$109,165,456	781	\$1,049,759,365	\$54,598,821	\$1,735,883,840
43	IL	Alliant	\$106,482,101	177	\$4,544,071,138	\$35,661,310	\$425,100,594
44	NY	United Nations	\$105,551,603	257	\$2,343,198,025	\$8,487,975	\$235,810,051
45	KS	CommunityAmerica	\$101,807,096	472	\$667,790,664	\$25,006,290	\$2,293,333,382
46	CA	Premier America	\$98,799,471	77	\$1,606,132,022	\$930,650	\$252,651,228
47	CA	Star One	\$97,298,361	196	\$3,253,918,805	\$199,472	\$5,349,348
48	CA	California	\$96,835,011	194	\$1,289,288,632	\$9,851,730	\$909,572,280
49	CA	Redwood	\$94,879,823	204	\$1,715,742,405	\$23,580,000	\$913,976,709
50	AZ	Desert Financial	\$93,834,647	397	\$863,481,234	\$66,080,631	\$1,805,046,495

Top 300 First Mortgage-Granting CUs Market Share as of March 31, 2019

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	DC	Bank-Fund Staff	\$93,371,529	193	\$2,452,706,084	\$676,000	\$233,845,731
52	NY	CAP COM	\$92,276,065	517	\$968,265,790	\$53,216,189	\$979,517,547
53	WI	Altra	\$89,059,282	430	\$626,207,584	\$41,484,753	\$1,033,675,712
54	TX	TDECU	\$83,435,649	577	\$1,103,002,320	\$22,908,183	\$569,695,781
55	CA	Provident	\$81,021,260	130	\$1,285,020,309	\$7,763,550	\$1,334,553,047
56	VA	Apple	\$79,574,478	141	\$1,071,586,500	\$26,086,319	\$549,747,749
57	NC	Local Government	\$78,669,831	517	\$779,353,936	\$30,663,263	\$0
58	CA	Chevron	\$78,397,790	218	\$2,417,063,118	\$0	\$9,141,159
59	CA	SAFE	\$77,609,740	205	\$1,176,846,078	\$53,441,343	\$834,670,987
60	WI	Community First	\$77,190,965	497	\$1,869,701,226	\$4,986,050	\$2,010,695
61	AZ	OneAZ	\$76,526,036	236	\$635,487,767	\$27,013,872	\$885,909,591
62	UT	Goldenwest	\$76,104,904	248	\$420,294,499	\$42,332,413	\$5,504,799
63	IL	CEFCU	\$75,787,598	375	\$2,524,411,710	\$725,000	\$52,463,568
64	MN	TruStone Financial	\$74,983,184	430	\$393,213,977	\$58,814,276	\$981,810,817
65	RI	Navigant	\$73,292,550	342	\$1,325,650,602	\$12,246,050	\$303,555,293
66	PA	Police And Fire	\$72,724,181	377	\$1,366,759,000	\$19,742,499	\$750,701,486
67	GA	Delta Community	\$71,639,174	592	\$2,076,612,180	\$33,353,517	\$375,204,386
68	VA	Virginia	\$71,537,130	369	\$925,238,420	\$32,182,835	\$303,770,447
69	CA	Nuvision	\$69,917,924	175	\$785,498,953	\$25,039,358	\$700,874,465
70	WA	STCU	\$66,907,314	277	\$1,187,200,146	\$1,989,800	\$151,618,578
71	CA	Mission	\$66,160,035	146	\$1,475,559,518	\$14,407,050	\$931,795,541
72	CA	Wescom	\$64,217,120	189	\$1,301,009,782	\$25,322,849	\$981,252,734
73	RI	Pawtucket	\$64,011,901	297	\$1,334,751,175	\$5,019,225	\$209,059,510
74	NM	Nusenda	\$63,760,152	150	\$587,534,541	\$17,583,232	\$477,406,020
75	MI	Michigan State University	\$63,733,463	311	\$1,436,739,236	\$0	\$36,823,046
76	WA	Numerica	\$61,714,860	208	\$739,777,650	\$30,498,502	\$552,576,413
77	PA	American Heritage	\$59,600,678	148	\$728,674,256	\$33,159,535	\$843,417,962
78	NJ	Affinity	\$59,514,514	341	\$1,882,698,014	\$9,676,660	\$151,070,137
79	AL	Redstone	\$57,000,793	354	\$505,671,102	\$23,205,411	\$687,620,949
80	NY	USAlliance Financial	\$56,913,770	84	\$644,595,937	\$21,412,075	\$180,318,945
81	VT	New England	\$56,847,465	259	\$647,728,223	\$33,112,220	\$1,428,212,249
82	FL	MidFlorida	\$56,289,617	265	\$938,202,027	\$17,557,109	\$708,754,672
83	MS	Keesler	\$55,984,648	254	\$689,782,931	\$0	\$15,865,992
84	CA	Financial Partners	\$55,256,471	107	\$609,794,697	\$19,264,769	\$943,789,336
85	FL	Fairwinds	\$54,565,216	1,026	\$934,672,486	\$31,597,820	\$356,170,520
86	NV	One Nevada	\$54,532,420	233	\$169,466,303	\$51,503,220	\$106,988,445
87	TX	American Airlines	\$54,058,750	234	\$2,122,255,121	\$0	\$2,593,343
88	KY	L & N	\$53,917,249	199	\$766,921,099	\$212,803	\$114,559,331
89	WA	Washington State Employees	\$53,550,214	221	\$751,052,401	\$16,765,502	\$1,522,818,472
90	MI	Advia	\$53,314,669	203	\$681,621,542	\$2,796,882	\$0
91	MD	Andrews	\$52,411,047	203	\$546,579,956	\$439,749,058	\$1,278,032,068
92	WI	Westconsin	\$51,832,478	308	\$452,689,673	\$17,221,529	\$924,384,626
93	CA	Orange County's	\$51,248,330	125	\$682,667,822	\$19,146,978	\$700,763,913
94	CA	Evangelical Christian	\$50,651,589	9	\$388,543,418	\$41,735,399	\$499,563,432
95	FL	Campus USA	\$50,195,146	309	\$628,414,441	\$1,304,800	\$34,476,729
96	MI	United	\$50,092,659	227	\$1,153,081,179	\$42,039,488	\$318,131,168
97	IA	Dupaco Community	\$49,824,691	339	\$397,757,864	\$24,509,813	\$739,195,417
98	PA	TruMark Financial	\$49,753,715	152	\$842,393,862	\$9,699,065	\$525,765,764
99	NY	Nassau Educators	\$49,280,665	87	\$864,064,023	\$7,776,300	\$473,491,487
100	IN	Elements Financial	\$47,829,065	175	\$613,827,294	\$19,390,084	\$0

Top 300 First Mortgage-Granting CUs Market Share as of March 31, 2019

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	NY	Visions	\$47,624,346	268	\$1,702,062,771	\$0	\$71,335,961
102	SC	South Carolina	\$47,346,850	204	\$679,598,599	\$40,302,002	\$294,256,507
103	CA	Stanford	\$47,189,200	74	\$1,534,027,833	\$7,923,300	\$609,442,893
104	IL	Deere Employees	\$46,947,435	225	\$514,752,868	\$13,408,000	\$51,654,443
105	CA	KeyPoint	\$46,112,726	69	\$568,200,213	\$23,586,697	\$392,503,955
106	WI	CoVantage	\$45,749,125	397	\$771,713,612	\$15,162,383	\$285,321,633
107	TX	GECU	\$45,724,510	432	\$492,090,112	\$28,613,692	\$593,921,449
108	TX	Advancial	\$45,429,754	122	\$516,134,675	\$16,170,116	\$475,124,174
109	TX	Navy Army Community	\$44,915,959	335	\$1,083,053,306	\$0	\$6,669,316
110	WI	Fox Communities	\$44,767,518	353	\$1,058,162,317	\$2,279,547	\$118,135,354
111	MD	NASA	\$44,343,889	141	\$687,836,475	\$14,366,388	\$43,064,392
112	IN	Indiana University	\$44,245,795	145	\$493,941,555	\$1,496,570	\$5,000,678
113	NC	Allegacy	\$44,167,321	204	\$348,075,462	\$10,023,764	\$67,651,966
114	TN	Ascend	\$43,644,282	207	\$814,721,943	\$0	\$0
115	NH	Service	\$43,126,000	98	\$945,740,123	\$0	\$0
116	MO	Anheuser-Busch Employees'	\$42,573,470	187	\$535,982,999	\$10,880,094	\$408,074,737
117	SC	Founders	\$42,162,586	375	\$952,837,955	\$0	\$0
118	NV	Greater Nevada	\$42,112,262	41	\$241,814,611	\$32,263,260	\$588,310,650
119	MI	DFCU Financial	\$42,028,145	251	\$543,525,975	\$20,125,398	\$806,783,227
120	CA	SF Fire	\$41,966,050	58	\$549,812,956	\$0	\$264,375,079
121	TN	ORNL	\$41,954,686	260	\$913,008,637	\$4,533,450	\$433,894,600
122	MI	Michigan Schools and Government	\$41,205,633	170	\$642,368,330	\$1,365,116	\$54,444,432
123	IN	Forum	\$40,919,377	201	\$277,782,464	\$24,533,592	\$833,352,375
124	FL	GTE Financial	\$40,846,134	198	\$557,490,111	\$26,076,185	\$1,261,120,240
125	MA	Metro	\$40,731,612	116	\$674,379,115	\$24,543,524	\$828,285,826
126	VA	Langley	\$40,387,307	191	\$694,702,734	\$6,135,452	\$147,853,010
127	WA	Whatcom Educational	\$40,311,677	88	\$845,027,876	\$0	\$417,587,060
128	OH	General Electric	\$40,262,485	88	\$1,074,314,227	\$0	\$0
129	IN	Indiana Members	\$40,237,338	507	\$562,042,996	\$1,048,532	\$32,682,008
130	GA	Associated	\$39,820,793	188	\$235,920,419	\$7,597,700	\$289,608,732
131	CA	Travis	\$39,770,800	135	\$656,434,159	\$10,219,020	\$462,419,880
132	TX	Firstmark	\$39,232,949	84	\$308,383,113	\$0	\$0
133	WA	Columbia	\$38,859,057	154	\$501,996,202	\$10,789,700	\$287,763,905
134	WI	Educators	\$38,802,620	253	\$918,676,591	\$21,633,753	\$216,931,043
135	MI	Genisys	\$38,675,670	237	\$551,558,968	\$6,686,163	\$78,412,371
136	MN	Central Minnesota	\$38,476,273	149	\$501,437,413	\$13,260,934	\$284,156,207
137	UT	Cyprus	\$37,973,665	137	\$231,060,796	\$16,449,177	\$0
138	PA	Pennsylvania State Employees	\$37,953,594	340	\$1,188,839,817	\$148,500	\$150,411,754
139	CA	San Mateo	\$37,343,649	63	\$475,053,155	\$6,678,459	\$84,743,024
140	OR	Unitus Community	\$37,334,635	221	\$416,824,945	\$11,277,227	\$527,836,478
141	GA	Georgia's Own	\$37,124,227	115	\$581,782,105	\$4,400,650	\$195,664,900
142	NY	Sunmark	\$36,626,601	264	\$265,076,146	\$24,045,999	\$0
143	MT	Whitefish	\$36,604,333	164	\$781,467,792	\$0	\$0
144	CA	Santa Clara County	\$36,520,413	59	\$153,998,333	\$0	\$15,418,337
145	WA	Gesa	\$36,489,408	191	\$502,524,116	\$28,150,334	\$500,473,166
146	UT	University	\$36,273,352	236	\$247,051,123	\$12,475,640	\$383,127,613
147	IN	Interra	\$35,366,624	177	\$556,171,291	\$8,392,382	\$43,079,748
148	CA	Firefighters First	\$35,273,770	97	\$756,447,701	\$3,683,735	\$198,612,048
149	CA	Credit Union of Southern California	\$35,053,484	67	\$473,777,564	\$4,534,987	\$257,076,899
150	VA	Northwest	\$34,745,318	115	\$829,798,652	\$15,524,871	\$1,397,813,402



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Top 300 First Mortgage-Granting CUs Market Share as of March 31, 2019

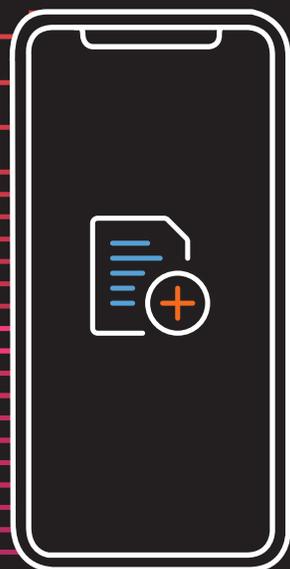
Rank	State	Name of Credit Union	\$ Originated 1st Mortgages (Fixed & Adjustable)	# Originated 1st Mortgages (Fixed & Adjustable)	\$ Outstanding 1st Mortgages (Fixed & Adjustable)	\$ Sold 1st Mortgages	RE Loans Sold but Serviced by CU
151	NY	Teachers	\$34,514,386	81	\$1,839,028,730	\$10,373,825	\$1,234,289,021
152	NY	Hudson Valley	\$34,424,759	154	\$1,001,060,435	\$21,640,003	\$1,334,614,096
153	PA	Citadel	\$34,214,049	101	\$1,451,997,466	\$6,236,298	\$478,890,580
154	MA	Jeanne D'Arc	\$34,090,783	91	\$931,007,827	\$10,714,077	\$118,119,377
155	CO	Canvas	\$33,854,498	106	\$392,593,785	\$15,868,446	\$418,706,741
156	CA	Meriwest	\$33,331,460	40	\$722,479,274	\$9,067,400	\$766,936,079
157	UT	Utah First	\$33,267,496	83	\$156,057,110	\$11,831,226	\$0
158	NC	Truliant	\$32,397,977	274	\$528,865,487	\$12,701,939	\$45,022,059
159	NC	Self-Help	\$31,902,528	135	\$852,223,839	\$0	\$0
160	MN	Affinity Plus	\$31,356,172	172	\$546,407,230	\$22,664,720	\$1,323,041,214
161	OR	Advantis	\$31,303,836	92	\$411,731,231	\$9,148,053	\$867,901,532
162	CA	American First	\$31,106,355	49	\$362,342,799	\$30,264,252	\$657,994,511
163	MI	Honor	\$31,022,199	235	\$362,245,577	\$11,526,285	\$342,375,613
164	WI	Capital	\$30,984,633	205	\$723,741,844	\$7,458,221	\$197,447,614
165	MA	Rockland	\$30,867,693	58	\$585,917,231	\$7,066,778	\$216,284,276
166	SD	Black Hills	\$30,861,546	112	\$456,719,997	\$4,629,701	\$0
167	IN	Teachers	\$30,748,211	138	\$1,066,628,244	\$230,859	\$3,207,492
168	MD	State Employees Credit Union of Maryland	\$30,667,012	145	\$1,510,733,793	\$14,278,000	\$895,078,667
169	NH	St. Mary's Bank	\$30,591,940	133	\$338,392,266	\$19,132,709	\$585,302,974
170	NY	Corning	\$30,521,302	237	\$393,642,777	\$6,762,317	\$338,919,315
171	NM	U.S. Eagle	\$30,496,871	71	\$260,607,118	\$4,534,258	\$0
172	TX	Credit Union of Texas	\$30,401,613	156	\$208,976,483	\$11,472,665	\$0
173	ID	CapEd	\$30,237,221	102	\$233,526,568	\$2,989,091	\$3,135,319
174	IN	3Rivers	\$30,191,698	177	\$334,458,917	\$26,719,878	\$445,996,986
175	IN	Purdue	\$29,390,339	313	\$650,310,888	\$21,608,098	\$483,394,701
176	ND	Town and Country	\$29,224,898	110	\$186,683,663	\$13,567,767	\$23,513,864
177	CA	Partners	\$29,132,425	98	\$519,420,203	\$14,793,550	\$822,645,976
178	NY	Polish & Slavic	\$29,061,250	115	\$906,252,941	\$0	\$55,129,455
179	OR	Rogue	\$28,950,355	157	\$242,279,737	\$15,327,378	\$178,433,291
180	OH	Seven Seventeen	\$28,912,366	109	\$417,513,615	\$3,388,673	\$11,684,863
181	OH	Superior	\$28,906,731	218	\$349,766,100	\$12,617,358	\$754,122,725
182	AL	Avadian	\$28,663,933	136	\$203,670,194	\$16,984,246	\$61,149,668
183	TX	A+	\$28,602,118	250	\$514,328,836	\$0	\$0
184	CA	First Entertainment	\$28,465,603	101	\$540,535,397	\$7,002,205	\$117,891,853
185	NY	Municipal	\$28,018,044	105	\$923,173,102	\$0	\$19,847,153
186	VA	Dupont Community	\$27,942,529	175	\$527,308,997	\$6,537,195	\$73,857,759
187	TX	FirstLight	\$27,877,393	109	\$402,082,460	\$2,754,432	\$63,302,784
188	CA	UNIFY Financial	\$27,436,377	50	\$1,152,666,841	\$10,138,419	\$350,915,485
189	SC	Sharonview	\$27,229,920	151	\$823,923,793	\$9,313,327	\$21,236,740
190	CA	Farmers Insurance Group	\$26,644,928	66	\$252,193,634	\$284,345	\$0
191	NY	AmeriCU	\$26,578,029	184	\$577,204,925	\$4,094,757	\$254,384,681
192	CT	Charter Oak	\$26,330,697	133	\$599,325,261	\$1,477,220	\$168,946,299
193	CA	Technology	\$26,328,161	36	\$971,789,367	\$0	\$150,975,684
194	WI	Verve, a	\$26,212,465	152	\$514,139,482	\$10,504,567	\$258,178,128
195	NV	Clark County	\$26,117,937	116	\$246,482,405	\$1,963,655	\$0
196	SC	SRP	\$26,002,770	184	\$243,125,139	\$13,110,249	\$0
197	AZ	TruWest	\$25,950,098	87	\$402,571,166	\$12,609,895	\$176,506,794
198	PA	Philadelphia	\$25,894,539	86	\$324,844,747	\$3,815,298	\$152,195,280
199	NY	ESL	\$25,754,420	171	\$580,767,532	\$17,065,804	\$1,029,024,518
200	VA	State Department	\$25,547,722	76	\$659,061,586	\$21,401,515	\$147,654,709

Top 300 First Mortgage-Granting CUs Market Share as of March 31, 2019

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	MO	First Community	\$25,438,727	162	\$391,264,240	\$6,959,613	\$540,607,975
202	WI	Thrivent	\$25,304,880	94	\$263,452,765	\$4,832,230	\$343,215,762
203	WA	Salal	\$25,261,118	53	\$231,959,066	\$4,634,435	\$290,288,660
204	OR	First Community	\$25,079,002	147	\$411,735,203	\$12,993,895	\$256,909,780
205	NY	Empower	\$25,072,973	101	\$394,640,889	\$12,089,024	\$622,730,967
206	IA	Collins Community	\$25,010,804	158	\$485,734,274	\$27,038,227	\$78,349,064
207	MD	Tower	\$24,912,469	86	\$441,851,553	\$4,167,747	\$989,212,093
208	TX	InTouch	\$24,898,929	96	\$201,205,327	\$834,270	\$5,882,711
209	OR	Oregon Community	\$24,676,870	182	\$399,413,674	\$15,223,058	\$225,000
210	IL	Great Lakes	\$24,665,629	59	\$275,102,282	\$4,414,702	\$256,401,339
211	FL	Achieva	\$24,610,937	92	\$418,209,623	\$6,351,100	\$253,208,415
212	IA	Community 1st	\$24,585,801	110	\$347,190,879	\$4,803,902	\$0
213	VT	Vermont State Employees	\$24,358,431	121	\$386,656,027	\$6,511,166	\$327,633,511
214	IN	Centra	\$24,190,298	189	\$489,973,518	\$2,925,874	\$175,560,953
215	CO	Westerra	\$23,655,618	82	\$445,270,395	\$6,071,629	\$374,598,868
216	IN	Beacon	\$23,383,671	103	\$737,415,642	\$684,100	\$3,356,896
217	UT	Deseret First	\$23,247,925	99	\$145,021,112	\$28,444,607	\$0
218	HI	Hawaiian Financial	\$23,198,500	52	\$310,045,889	\$4,269,000	\$0
219	TX	Amplify	\$23,163,841	102	\$301,629,580	\$5,608,071	\$218,826,216
220	GA	Robins Financial	\$23,093,216	178	\$386,310,230	\$1,780,634	\$295,590,115
221	IA	Cobalt	\$23,023,485	45	\$268,249,713	\$6,692,681	\$126,405,766
222	OR	Selco Community	\$22,894,461	97	\$381,845,302	\$0	\$0
223	WI	Westby Co-op	\$22,880,882	144	\$224,876,314	\$2,979,825	\$151,847,764
224	WA	Harborstone	\$22,863,906	59	\$448,153,589	\$0	\$78,564,470
225	AZ	Arizona	\$22,859,494	110	\$241,062,490	\$4,065,108	\$0
226	OR	Maps	\$22,694,547	160	\$201,950,129	\$10,913,299	\$0
227	AZ	Vantage West	\$22,657,950	86	\$474,432,742	\$5,696,079	\$70,639,904
228	WI	Blackhawk Community	\$22,447,862	124	\$220,350,814	\$0	\$244,185,485
229	ND	First Community	\$22,352,272	77	\$389,281,064	\$6,047,619	\$0
230	TX	Texas Trust	\$22,233,569	213	\$282,473,915	\$0	\$31,748,082
231	CA	Northrop Grumman	\$22,197,090	44	\$350,311,769	\$0	\$37,505,602
232	IA	Community Choice	\$21,995,269	144	\$112,883,261	\$15,046,044	\$0
233	CA	California Coast	\$21,953,503	69	\$741,281,594	\$6,356,000	\$209,885,191
234	TX	United Heritage	\$21,922,609	101	\$304,659,681	\$7,543,666	\$709,368
235	WA	Sound	\$21,858,143	86	\$544,703,144	\$2,624,837	\$0
236	TN	Y-12	\$21,720,729	76	\$415,791,598	\$2,625,083	\$33,987,385
237	WI	Superior Choice	\$21,538,748	183	\$300,045,597	\$1,351,043	\$100,869,952
238	OK	Truity	\$21,536,603	102	\$155,786,795	\$16,812,350	\$620,105,102
239	WI	Marine	\$21,534,944	394	\$350,769,941	\$0	\$481,044
240	FL	Community First Credit Union of Florida	\$21,507,306	136	\$486,639,661	\$0	\$142,429,507
241	FL	Space Coast	\$21,496,428	114	\$667,083,027	\$3,621,900	\$715,600,741
242	KY	Park Community	\$21,169,039	135	\$354,105,137	\$1,384,062	\$0
243	TN	Knoxville TVA Employees	\$21,124,769	210	\$598,369,694	\$3,063,185	\$0
244	CA	Altura	\$21,112,825	45	\$223,959,421	\$367,500	\$17,035,828
245	IN	Notre Dame	\$21,070,450	102	\$247,124,295	\$15,411,061	\$223,506,634
246	TN	Tennessee Valley	\$21,017,008	129	\$330,788,685	\$1,878,400	\$0
247	FL	Florida	\$20,869,155	99	\$228,526,643	\$5,257,000	\$127,785,138
248	MN	Spire	\$20,596,583	133	\$376,398,166	\$9,617,639	\$8,067,437
249	TX	EECU	\$20,560,349	161	\$346,910,464	\$4,498,342	\$183,352,551
250	AR	Arkansas	\$20,481,779	349	\$294,757,507	\$9,999,131	\$130,698,228

Top 300 First Mortgage-Granting CUs Market Share as of March 31, 2019

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	HI	Hawaii Community	\$20,282,215	47	\$234,442,188	\$0	\$636,730
252	AL	MAX	\$20,236,050	72	\$319,361,420	\$6,598,220	\$138,799,012
253	NM	State Employees	\$20,228,072	79	\$182,287,482	\$218,000	\$2,122,343
254	MA	Align	\$20,210,381	60	\$276,706,003	\$5,469,307	\$229,034,755
255	MA	Harvard University Employees	\$19,947,060	44	\$405,774,830	\$13,435,876	\$412,692,354
256	NE	Liberty First	\$19,945,873	121	\$96,469,194	\$14,960,874	\$0
257	MI	Lake Trust	\$19,904,289	104	\$590,079,972	\$0	\$7,253,455
258	HI	Hawaii State	\$19,879,220	38	\$313,627,594	\$10,055,140	\$284,711,839
259	TX	Smart Financial	\$19,648,429	55	\$208,913,097	\$2,612,203	\$38,676,323
260	MI	Frankenmuth	\$19,455,277	160	\$194,043,286	\$10,124,644	\$258,988,136
261	NY	Suffolk	\$19,432,605	232	\$431,933,457	\$307,800	\$0
262	MA	Webster First	\$19,354,178	71	\$561,453,694	\$1,106,050	\$499,576
263	IN	Hoosier Hills	\$19,249,182	149	\$313,891,423	\$3,796,965	\$56,605,765
264	TX	Austin Telco	\$19,164,412	108	\$592,465,721	\$1,021,409	\$0
265	OH	KEMBA Financial	\$18,904,789	121	\$320,926,391	\$1,906,966	\$35,278,354
266	CA	Pacific Service	\$18,712,475	67	\$284,321,965	\$8,044,425	\$0
267	CT	American Eagle Financial	\$18,669,412	97	\$611,377,431	\$20,949,335	\$385,444,899
268	TN	Leaders	\$18,658,278	125	\$54,184,659	\$10,398,916	\$0
269	AL	Alabama	\$18,626,974	66	\$237,808,857	\$0	\$0
270	HI	HawaiiUSA	\$18,565,456	25	\$401,868,140	\$0	\$2,544,010
271	CA	Christian Community	\$18,549,262	53	\$471,624,894	\$0	\$39,198,091
272	PA	Franklin Mint	\$18,247,281	51	\$391,465,070	\$22,913,060	\$450,697,148
273	KS	Meritrust	\$18,188,450	128	\$296,960,313	\$4,600,534	\$207,013,242
274	OK	TTCU	\$18,183,886	110	\$217,751,237	\$22,550,966	\$307,194,768
275	NM	Sandia Laboratory	\$18,165,565	84	\$671,876,349	\$2,203,950	\$36,809,188
276	FL	Envision	\$17,943,035	72	\$181,452,490	\$2,764,329	\$82,621,197
277	TX	My Community	\$17,877,098	40	\$62,360,780	\$0	\$0
278	CA	USE	\$17,853,901	38	\$431,512,239	\$0	\$191,414,820
279	MA	Workers	\$17,696,304	55	\$694,096,321	\$5,528,454	\$220,850,792
280	WA	iQ	\$17,646,791	72	\$267,899,286	\$14,401,702	\$192,100,251
281	GA	LGE Community	\$17,480,476	87	\$443,539,876	\$1,096,096	\$5,745,238
282	DC	Department Of Commerce	\$17,425,095	46	\$236,996,974	\$0	\$0
283	SD	Dakotaland	\$17,362,203	155	\$121,142,134	\$8,983,327	\$199,155,469
284	NY	Self Reliance New York	\$17,337,999	28	\$691,992,476	\$0	\$0
285	CA	Kern Schools	\$17,245,105	89	\$620,680,510	\$1,272,080	\$166,529,763
286	CA	Los Angeles Police	\$17,234,817	60	\$312,196,912	\$12,349,967	\$243,390,036
287	OK	Communication	\$17,227,907	121	\$129,878,354	\$0	\$53,751,513
288	TX	Shell	\$17,200,637	135	\$240,461,968	\$7,121,929	\$149,846,798
289	VT	NorthCountry	\$16,940,478	95	\$246,522,531	\$6,306,708	\$0
290	IL	Consumers	\$16,938,200	87	\$241,998,721	\$11,199,050	\$348,628,962
291	CA	Bay	\$16,863,000	44	\$213,568,043	\$6,543,800	\$350,257,622
292	MA	Greylock	\$16,819,371	103	\$509,490,310	\$3,435,070	\$355,281,994
293	ID	Westmark	\$16,623,317	63	\$222,628,114	\$0	\$55,044,385
294	CA	Educational Employees	\$16,610,376	102	\$403,406,143	\$0	\$0
295	FL	Tropical Financial	\$16,566,223	61	\$195,596,788	\$11,878,898	\$324,250,466
296	CA	Schools Financial	\$16,462,204	117	\$338,442,821	\$3,214,537	\$173,958,097
297	NC	Latino Community	\$16,411,050	131	\$209,824,956	\$0	\$0
298	MA	St. Anne's Of Fall River	\$16,407,447	57	\$567,206,641	\$16,093,383	\$329,557,931
299	NE	Centris	\$16,374,333	86	\$192,738,611	\$11,445,606	\$429,143,223
300	ID	Beehive	\$16,344,214	76	\$118,439,878	\$7,064,377	\$0



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THE LAST WORD

Tracy Ashfield

To Increase Market Share, It'll Take a Village

By Tracy Ashfield
ACUMA



Seeing market share take a little dip in the first quarter was difficult for credit union mortgage lenders. What might be a more interesting aspect of the story isn't the dip but where those loans went.

We all know that credit union market share started its upward trajectory when the credit crisis hit more than a decade ago. At the same time, the owners of mortgage market share were changing. The big banks were in rough shape and dealing with a lot of negative press. In 2008 Washington Mutual became the largest bank in U.S. history to fail. And mortgage brokers were closing up shop at unprecedented rates.

In 2004 a study by Wholesale Access showed mortgage brokers held more than 65% of the mortgage market share. Almost overnight it dropped to below 10%. Recent reports show their share is again on the rise, but slowly.

So where is the business going? Market share by Independent Mortgage Bankers (IMBs) is growing. Remember: These non-bank lenders have a singular focus in home financing. They aren't "distracted" with deposit products, credit cards or auto lending. Every minute of every day their business is mortgage-focused. Many are also hyper-focused on creating a high-tech, high-touch experience for borrowers.

IMBs are formidable com-

petitors, especially when they are effective marketers. The numbers bear that out.

“Independent Mortgage Bankers ... have a singular focus in home financing. They aren't 'distracted' with deposit products, credit cards or auto lending. Every minute of every day their business is mortgage-focused.”

WHAT MUST CREDIT UNIONS DO?

So what does this mean for credit unions? The reality is that to gain mortgage market share, credit union leadership needs to stay focused. And I don't mean just the mortgage team. Winning the battle for market share means the focus must come from leadership in IT, Marketing, Human Resources, Finance and Retail Banking. Even the best and brightest from your Mortgage Team need help to grow.

Over the past two decades of consulting I have done dozens of strategic planning sessions with credit union leadership teams. Generally, I am invited to

facilitate these sessions because the CEO or the CLO has identified that mortgage is operating on an "island" and there is a sense that as a result, Mortgage is missing opportunities.

Almost without exception I find Mortgage to be a bit "misunderstood" by department heads, and frankly, the Mortgage Team often don't help themselves because they are rarely good at "telling the mortgage story" to their peers.

When gathered in one room for the better part of a day in a planning session, it's rewarding to see what happens when a CEO shares a vision for the role real estate needs to play in the credit union's overall strategy and watch leaders work together to advance the housing finance strategy.

IT WILL 'TAKE A VILLAGE'

So, back to those Independent Mortgage Bankers. In their organization, the individual Chiefs of Finance, HR, IT, etc., are all focused on one thing—housing finance. That's a lot of top minds focused on one line of business.

It's also why I often tell credit union CEOs that it will "take a village" to raise the market share for mortgage loans.

In summary, don't let the recent market share dip get you down. Early reports indicate the second quarter was much stronger for CUs than the first.

There will always be competitors vying for market share, but credit unions have many strengths and many talented leaders. Gather your key stakeholders in all of your key disciplines and take a few hours sometime this fall to map out your 2020 strategy. ▲

Tracy Ashfield is president of Ashfield & Associates, a consulting and training business that assists credit unions with mortgage lending. She also speaks at industry conferences and examiner seminars, and continues her work with ACUMA, where she is President-Elect..

“The reality is that to gain mortgage market share, credit union leadership needs to stay focused. And I don't mean just the mortgage team.”



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