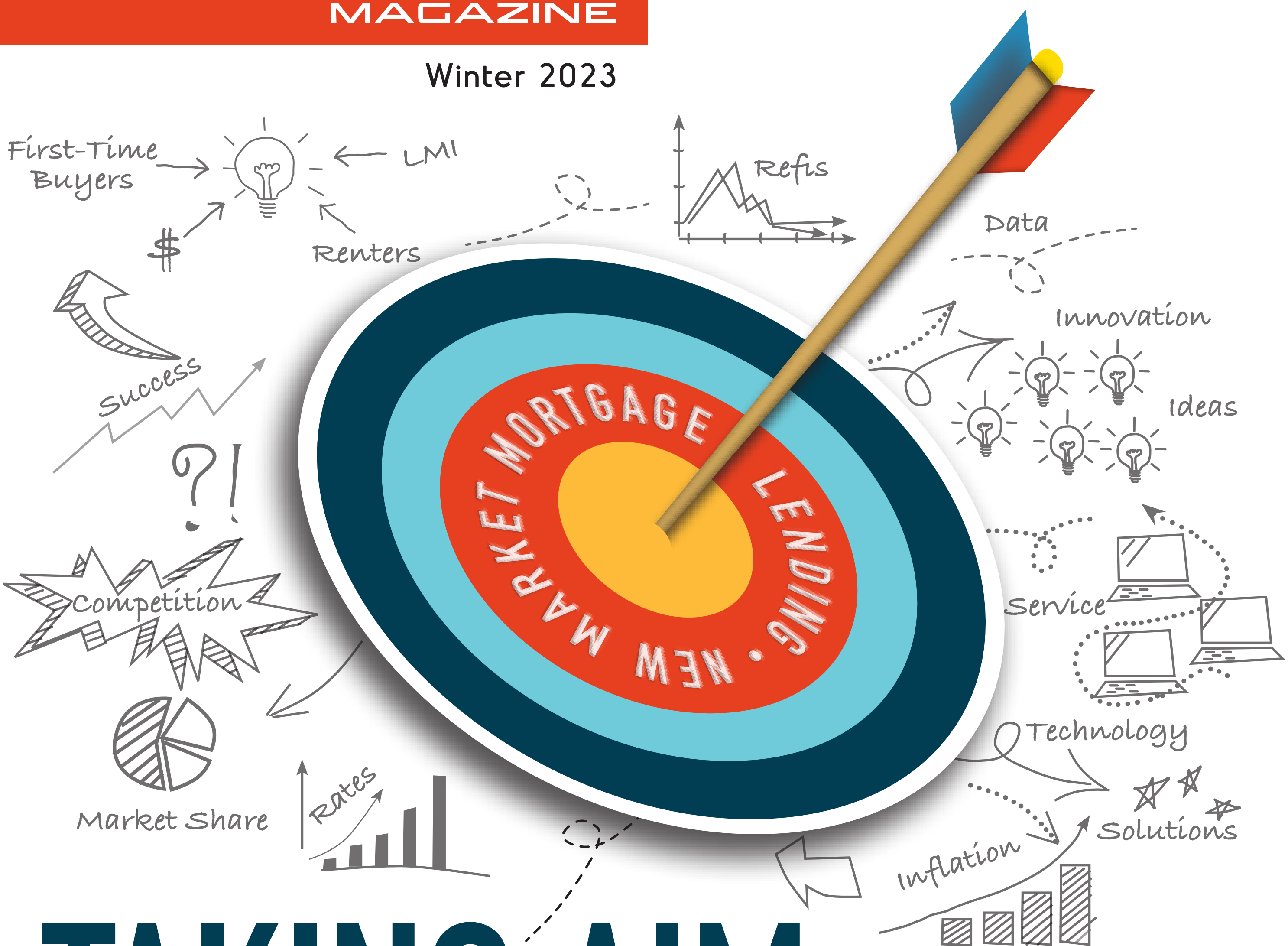
PIPELINE
MAGAZINE

Winter 2023

ACUMA



TAKING AIM

TARGETING NEW MARKET DEMANDS

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ACUMA

The ACUMA *Pipeline* is a publication of the American Credit Union Mortgage Association, 6907 University Ave, #331, Middleton, WI 53562

Learn more at **acuma.org**
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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.

ACUMA's MISSION

To be the premier source of home lending information, networking, and advocacy opportunities for credit union home finance professionals.

A MESSAGE FROM
ACUMA PRESIDENT

Peter Benjamin, CMB

Things are Getting Interesting

Credit Unions Must Adjust to the Current Market or Fall Behind

By Peter Benjamin, CMB

I don't always follow the advice of philosophers or ancient seers, but every now and then a phrase or idea comes along that smacks me on the back of the head to get my attention. These days that phrase is what's purported to be the ancient Chinese blessing (or maybe a curse): "May you live in interesting times."

Those who research such things claim to never have found a direct translation from Mandarin of phrase, which started showing up in the general English lexicon in the mid-20th Century. But the inference is clear. The phrase is neither a blessing nor a curse, but rather an observation by someone acutely aware of life's ironies. The robust economic growth following World War II led to some very interesting times, but then so did the Great Depression that preceded the war. The ultimate meaning of the phrase, it would seem, is in the mind of the beholder.

I think we'd all agree that, as credit union mortgage lenders, some very interesting times lie ahead for us in 2023. We are looking at a still-volatile economy and a combative political environment. As the Fed kept raising rates, mortgage rates followed suit. Granted, they have leveled off a bit; albeit higher than where they've been over the past 20 years and most certainly when compared to recent years. All of this made the dream of homeownership increasingly difficult for first-time buyers. Add to that the shortage of housing inventory and you have a marketplace that's as difficult for credit union home loan professionals as it is for credit union members.

Diversity on both sides of the lending desk continues to increase, but slowly compared to the overall population. Government agencies, including NCUA, look for ways to help grow the industry, but even they can reach only so far with their influences. And just to make things even more interesting, nonbank mortgage lenders continue to disrupt your relationship with your members, and some of them have started to act like credit unions themselves: originating Home Equities and doubling down on community-based lending. Nothing new here — as a segment of both the credit union and mortgage industries, we have always had to try a little harder — but still interesting times all the same. The new market is most certainly here, has been for a while, and it's showing every sign of getting more, um, interesting as we go along.

ACUMA's role is one of leadership in

"May you live in interesting times" is neither a blessing nor a curse, but rather an observation by someone acutely aware of life's ironies.

the industry, and we view every opportunity to meet with and work with our members as an obligation to serve. It's our goal to bring the best minds together and provide you with the most critical information at every touchpoint possible to help you cope with current trends (or should I say interesting times?) *Pipeline* magazine falls clearly into this category.

The issue focuses on finding ways to target demands of the new market — however this new market may be defined — and our authors once again have risen to the challenge. You will find economic analyses, methodologies for increasing service to diverse markets, new ways to mine the talents existing in your staff, and more. Having sat in your seat myself, I read this issue with excitement and all of these articles gave me a newfound energy to want to roll up my sleeves. I am more than proud of the creative thinking and profound tactical strategies that appear in this issue.

Every single article has something to offer readers seeking new ways to serve their credit union members during these very uncertain times, to help their mortgage and home equity lending departments survive and thrive, and to even improve the environment in which we live. If you can't find a few strategies that you can apply at your credit union, then let's keep trying to find one (call or email me anytime). But I hope you really try, because things don't promise to get any easier (you know…interesting times and all).

In fact, the current "times" might harbor an advantage in the way that it forces you to see situations in new ways and apply new strategies to longtime issues that have faced your institution. No one likes to be forced out of his or her comfort zone, but we can't really grow until we are.

Those of you who joined us for our 2022 Annual Conference in Las Vegas and were fortunate enough to sign up for the pre-conference workshop, "Transform Your Life and Work: A Journey to Becoming Better", may best understand how to maximize the current changing environment. (See coverage page 43) The workshop was hosted by one of America's greatest thinkers, Blaine Rada, who recounted his 500-mile journey on foot across the top of Spain on the Camino de Santiago. The pilgrimage, well-known outside the U.S., was as much an inner journey as it was an exercise in personal strength and stamina, and he uncovered some remarkable realizations that may apply to our journeys through 2023.

"Adversity is the teacher," Rada told his audience. "The effect you have on others is the most valuable currency you can possess. Action leads to clarity, enabling you to accept and adapt."

Our clinging to comfort and familiarity in times of significant change can be one of our biggest mistakes, he added. That was true for this pilgrim on his journey and also speaks to the way all of us would like to face the coming year. Discomfort doesn't always lead to success, but it fosters new ways of thinking that may better provide you with the alternatives you need to surmount the challenges your credit union faces in 2023.

Our clinging to comfort and familiarity in times of significant change can be one of our biggest mistakes.

"The Taoist philosopher Lao Tzu said, 'When I let go of what I am, I become what I might be,'" Rada added. Once we open the door to ways of thinking, we'll likely find new paths to accomplish our professional and personal goals.

And if that doesn't make for interesting times, then nothing will.

MEET OUR STAFF

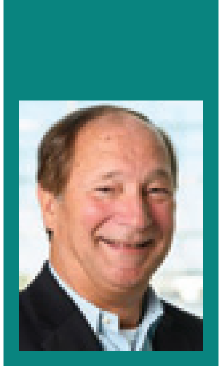
Those of you who attended our Las Vegas conference had the chance to meet ACUMA's two new staff members. For those who couldn't attend, I'd like to introduce them to you now.

Justin Hawkins is our new Director of Marketing and Communications, a position similar to ones he's held at several other organizations. He also served as a Hospital Corpsman Petty Officer Third Class in the United States Navy and saw action as a medic in the Middle East.

Camryn Hinton is our new Associate Director of Member Relations. A graduate of the University of Delaware, she has experience working in a credit union mortgage lending department. This is her first trade association position.

Please welcome them when you see them!

Peter Benjamin is the President of ACUMA. He can be reached at peter@acuma.org or (877) 442-2862.



A MESSAGE FROM THE ACUMA BOARD

Barry Stricklin

Times Have Changed. Can ACUMA Change with Them?

HINT: We Already Have

By Barry Stricklin

Like it or not, most of us tend to describe life with the help of familiar sayings, observations that contain at least a kernel of truth. Now more than ever, the saying of the moment seems to be the old chestnut, "Nothing is Constant Except Change."

In our line of work we have seen nothing but change over the past few years. And it's been pretty constant, too. Going forward into 2023 we'll only see more change, and the pace of that change will continue to escalate, especially for those involved in the mortgage lending industry.

Now at the ripe old age of 27 years, ACUMA as an organization has faced change at a rapid pace, especially in 2022 when we took several major steps forward. Can we keep up with the demands of the industry and our members' increasing needs for information, education and networking? We can, we have, and we will continue to do so. That's my pledge to you on behalf of the ACUMA Board of Directors.

Don't believe me? Let's take a closer look at 2022 and examine what has happened.

- Last year we had a full-on change of ACUMA administration with the hiring of Peter Benjamin, CMB, as our President. Peter is one of us, a seasoned mortgage lending industry veteran and leader who stepped into the swirling seas of change and grabbed the wheel of our ship of service. Peter's determination to take ACUMA to the next level as a trade association reflects the goals of our Board, and in less than a year he has gained the Board's full faith and confidence in his efforts to chart a new course for our association.
- As part of his efforts, Peter hired two new staff members, also from our industry, to help ACUMA progress. Justin Hawkins, our Director of

Marketing and Communications, and Camryn Hinton, our Associate Director of Member Relations, have brought a new energy to our organization. Many of you got to meet them at our Annual Conference in Las Vegas this past September, and many more of you will meet them in our upcoming slate of events this year and in years to come.

- Speaking of events, our Annual Conference sold out with more attendees than we have ever welcomed before, forcing us to make arrangements for a second hotel to help house the crowd. This came in the wake of sold-out workshops in Nashville and Portland, Oregon, and significant attendance upticks in our online meetings and educational events. Apparently, the word is getting out and ACUMA's stellar record of educating mortgage industry professionals is attracting more interest from our industry. And that's just how we like it.
- Last year we also said goodbye to former Board Chair Tim Mislansky, whose new credit union responsibilities made it impossible for him to continue serving as a Board member. We greatly appreciate the contributions Tim made and wish him the best of luck.

In Tim's place we brought on not one but two new Board members. Vince Salinas, VP at Patelco Credit Union in Dublin, California, and Julie Bowering, SVP of Mortgage Lending at Elements Financial Federal Credit Union in Indianapolis, have joined our existing talented and dedicated Board, and we look forward to their contributions to ACUMA and its Board of Directors.

The mere thought of all last year's activity almost tires me out, but I quickly become re-energized when I look ahead to the rest of 2023 and what we have in store for our members and affiliate members.

> *The mere thought of all last year's activity almost tires me out, but I quickly become re-energized when I look ahead to the rest of 2023 and what we have instore for members.*

Please consider the following as you make your professional educational plans for the year;

- We've rebranded all of our events to emphasize the concept that ACUMA and its members are on-point and at the front end of any wave destined to come crashing down on our industry. Truth be told, we are all "point-persons," if you will, in navigating our industry through the often rough seas of change. The good news is that if we all work together, there are no challenges we can't overcome.
- We expect a strong turnout for this year's Annual Conference, scheduled for Oct. 1-4 at the Gaylord National Resort in National Harbor, Maryland, just down the Potomac from Washington, D.C. That's the place where it all happens and, given all the political turmoil in our Nation's Capital, that's an event you can't afford to miss.
- We're adding to our in-person events. In addition to holding in-person FOCALpoint Workshops in Dallas and Louisville, we will also hold new VIEWpoint Regional Summits in Arlington, Virginia, and Aurora, Colorado. The Summits are designed for credit unions and CUSOs only and focus on roundtable discussions. These are free to credit unions so save the dates. I look forward to seeing you there.
- We also will be delivering an incredible schedule of ACUMA's Points of Impact virtual programming. New this year are ACUMA's ONpoint Podcasts, which will focus on credit union executives and what makes them tick. We will also continue the popular Fast Track webinars (formerly known as Lightning Rounds) and Inside Track webinars (formerly known as Power Hours). Once again, there is no charge to attend. Join us in person and online all year long to stay informed, involved and in touch.

What ACUMA's new agenda of service should tell you is just how much we value your input and contributions as members. We live in an e-world where just about everything can and does happen online, which we experience vicariously through the screen of our choice. ACUMA recognizes the value of such instantaneous communication, and we have indeed increased our online programming for your convenience.

But there also is incredible importance in face-to-face interaction when it comes to completing tasks and accomplishing goals. We couldn't do that without all of you.

> *ACUMA is built on the foundation of serving its members' needs and wants and we couldn't do it without the participation of all of you.*

I also want to thank our affiliate vendor partners for their intellectual and monetary contributions to ACUMA and the credit union industry. We could not do what we do without your support, and we thank you for playing such an important role in our organization and in our industry.

An organization like ACUMA is built on the foundation of serving its members' needs and wants. We couldn't do it without the participation of all of you, and we greatly appreciate your support. In 2023 let's work together to navigate the continuous winds of change to help each other, our credit unions, and the members they serve. The mortgage lending industry is counting on us all.

Barry Stricklin serves as the Chairman of the ACUMA Board of Directors, which governs the organization. He is the Senior Vice President and Chief Lending Officer for Tower Federal Credit Union, headquartered in Laurel, Maryland.

PIPELINE
MAGAZINE
CONTENTS

ACUMA
WINTER 2023

COLUMNS

FEATURES

REGULATION & LEGISLATION

John J. McKechnie

Stand Back! Washington's Role in Housing and Housing Finance Will Increase in 2023

By John J. McKechnie

That the federal government plays a significant role in the nation's housing market should come as no surprise, especially to those in the credit union lending space. But recent discussions in Washington suggest a new and more intense focus on the market's low-income segment, one that could impact credit unions and the entire housing finance ecosystem in 2023 and beyond.

Specifically, Congress is talking about addressing both housing availability and affordability. In December, Chairwoman Maxine Waters (D-CA) of the House Financial Services Committee held a hearing focused on what she noted "as a persistent shortfall in the supply of housing units in recent years, along with increases in the costs to access available housing, (that) have contributed to a nationwide housing affordability crisis that has only been exacerbated by the pandemic and corresponding economic trends."

Waters asserted that a chronic lack of supply to meet an increasing demand has contributed to inflation in the housing market. Between 2019 and June 2022 alone, home prices increased by 48% nationally, and housing inflation contributed to more than half of the monthly increase in core inflation observed in October 2022.

What does this mean for housing finance generally, and credit unions' place in the mortgage market specifically?

Expect Congress, in tandem with the Biden Administration, to continue pushing for a more robust federal role in promoting affordable housing. The Biden-authored Build Back Better Act, which passed the House in November 2021 but failed in the Senate, included more than $150 billion in new federal spending to: 1) increase the supply of affordable housing, 2) spur housing construction, and 3) bolster Federal Housing Administration (FHA) subsidies for low-income consumers.

> *Expect Congress, in tandem with the Biden Administration, to continue pushing for a more robust federal role in promoting affordable housing.*

Despite this failure, the Biden Administration appears intent on increasing federal spending on housing. This could expand the pool of properties, but according to Fed housing policy sources, "it is likely to make the cost of housing finance for banks and credit unions more expensive. Plus, it could increase the cost of lending to build new housing. Supply chain constriction affects new construction, everything gets more expensive, and credit unions and other lenders will feel this pinch."

Paralleling this possible expansion of housing stock could be the repurposing of liquidity supplied by the Federal Home Loan Bank System.

In the Fall of 2022, FHFA began hosting a series of roundtable discussions, *FHLBanks at 100: Focus on the Future*. According to FHFA director Sandra Thompson, this is an exercise in re-examining the mission of the System and exploring possible changes that will make the banks more useful. The roundtables have centered around FHLBank system mission, the use of liquidity by credit unions and other federally insured depositories, FHLBank membership eligibility, and the importance of FHFA's Affordable Housing Program.

> *The impetus for greater federal involvement in fostering low-income housing should be music to the ears of credit unions.*

Many observers are saying that, of those topics, the affordable housing component is most likely to expand. In announcing the roundtables, Thompson commented that her "intention was to explore the current and potential role of FHLBs in addressing housing affordability, which directly impacts community and economic development...there is definitely more the banks can do."

Thompson is referring to the FHLB Affordable Housing Program (AHP), which is an established source of cheaper financing that assisted 62,000 low-income homeowners in 2020. Look for that number to increase. One FHFA staffer noted that "we expected to hear from the roundtables that FHLBs should be playing a bigger role in addressing the affordability crisis. We view that as validation of the AHP initiatives FHFA is preparing to unveil."

FHLB watchers in the affordable housing community say this is simply a matter of the System fulfilling its statutory low-income mission focus, which dates back to the Great Depression, when the FHLBs were created to provide liquidity to a housing market that was in serious distress.

The flip side to this noble activity is greater competition for FHLB liquidity advances in the future. Credit unions need to pay attention to this. In the words of one FHLB executive, "there's a world of finite dollars. Demand for greater contributions to the AHP means the banks will have to dig deeper in short-term funding markets and reduce longer-term funding for depositories such as credit unions and banks."

Sir Isaac Newton's Third Law of Motion comes to mind when assessing both sides of the low-income housing coin: for every action there is an equal and opposite reaction. The impetus for greater federal involvement in fostering low-income housing should be music to the ears of credit unions. The Federal Credit Union Act discusses serving consumers of "modest means" and credit unions strive to do just that every day. But there will almost certainly be effects on the mortgage market that neither Congress nor the Administration can identify with certainty. In other words, Washington's role in housing and housing finance is bound to grow in 2023.

And what that means is anyone's guess.

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.

COMPLIANCE CHALLENGES

Kris Kully

Cut the Rate, But Don't Cut Corners

A Guide to Temporary Buydowns

By Kris Kully

While rates have inched down recently weeks, they still seem high to members looking for an affordable loan.

Some lenders are turning to temporary buydown loan programs, in which the consumer, the lender, or (more commonly) a third party like a seller or builder agrees to pay an amount up-front in exchange for a lower rate for a temporary time period (usually one, two, or three years). The up-front funds are used going forward essentially to supplement the payments at the buydown rate. When the temporary period expires, the rate increases to a predetermined fixed level for the remaining loan term.

That's all well and good, but there are lots of compliance considerations related to temporary buydowns. For example:

ADVERTISING: The Truth in Lending Act (TILA) and other authorities require advertisements to be clear and free from misrepresentations. It is tempting to tout the lower rates available with temporary buydowns. However, advertisements must not be misleading about the temporary nature of those low rates. Regulators are particularly sensitive to the use of the term "fixed" when the rate, payments, or other terms may change. If the advertisement includes the amount of any payment, it must also address repayment obligations over the loan's term. In addition, the credit union should be prepared to substantiate any claims about how much a member can save with a temporary buydown.

"It is tempting to tout the lower rates available with temporary buydowns. However, advertisements must not be misleading about the temporary nature of those low rates."

UNDERWRITING: TILA also requires mortgage lenders to determine whether the consumer can repay a mortgage loan. In making Qualified Mortgage (QM) loans, the consumer must be qualified based on the maximum rate that may apply during the first five years after the first payment is due. Credit unions should in any case consider the effect of a stepped-up rate on the member, who may be counting on increased future income or assuming a refinancing will always provide an exit strategy.

"In making Qualified Mortgage (QM) loans, the consumer must be qualified based on the maximum rate that may apply during the first five years after the first payment is due."

DISCLOSING: TILA and its regulations generally require that the disclosures reflect the terms to which the consumer and creditor are legally bound at the transaction's outset. That seems to mean that the Loan Estimate and Closing Disclosure should reflect the initial buydown rate. Certainly, consumer-paid buydowns must be reflected as an amendment to the contract's rate when disclosing the finance charge and other affected disclosures. A composite APR must be calculated, and the various payment levels must be included as required.

However, if a third party pays for the buydown, and the agreement to do so is not reflected in the credit contract between the member and the credit union, then the member is legally bound at the outset to the rate in the note. The disclosure of the finance charge must then not reflect the seller buydown, although seller-paid amounts must be disclosed as such. Similarly, in lender-paid buydowns, the finance charge and other disclosures affected by it should be based on the terms of the legal obligation between the consumer and the lender.

"Consumer-paid buydowns must be reflected as an amendment to the contract's rate when disclosing the finance charge and other affected disclosures."

SERVICING: The credit union or its servicer will, depending on the buydown program, need access to the buydown funds to supplement the reduced payments. In addition, the servicer should ensure it is providing clear communications to the member regarding the impending termination of the buydown period and the effect on the rate and payments, and be prepared to answer member questions that are certain to arise. In addition, monitoring the performance of buydown loans will be important to detect the need for early intervention.

OTHER CONSIDERATIONS: Of course, there are many other issues to consider when offering temporary buydowns. For instance:

- The calculation of points and fees is critical in determining whether a loan is a QM or a high-cost loan. While a member's payment of bona fide discount points may be excluded from that calculation, the amount a member pays for the buydown is a prepaid finance charge (even if deposited in an escrow account).
- The credit union also must consider the terms of the buydown plan, including what happens to the buydown funds in the case of a prepayment or foreclosure during the temporary period, or what happens if a third party fails to provide the buydown funds as agreed.
- Limitations on buydown programs also may be imposed by investors, insurers, or even, as a practical matter, by the constraints of loan origination systems.

Checking with your legal/compliance team will be key in determining how to advertise, originate, and service temporary buydown loans. While they may be a great option for members, these considerations at the outset will ensure no one gets hurt in the process.

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.

TAKING AIM
TARGETING NEW MARKET DEMANDS

All About That Data

How to Optimize for Growth in a Down Market

By James White
Total Expert

Now nearly three years into a tumultuous housing market, the mortgage and finance sectors continue to experience volatility. In October, mortgage rates rose to a two-decade peak, with the 30-year rate reaching nearly 7%. With rates likely to fluctuate and frighten homebuyers for the coming months, it's becoming even more important for credit unions to strengthen their pipelines, capitalize on every lead, and be prepared for whatever twists and turns the market may take.

The best way to have a good grasp on the unpredictable? Go back to the basics — data.

Now is the time for credit unions to lean on their tech stack to stay ahead of the competition. Taking advantage of the vast amount of member data at their fingertips can give credit unions the insights necessary to enhance member experience, promote valuable partnerships, drive lead volume, and help close deals in such a competitive market.

CREATE AN UNFORGETTABLE MEMBER EXPERIENCE

Borrowers are more likely to remain loyal when they're working with a credit union that anticipates their financial needs. Having access to the right data, especially in a challenging or down market, helps credit unions to understand the nuances of their members' financial situations and how the institution can be an asset to them.

A lull in the market also means credit unions are likely to have time to lean into relationship-building, especially with potential members and referral bases. Moving the discussion away from current rates will help members look beyond the current market and its restrictions and focus on their long-term financial goals. Leveraging data to understand members at an individual level gives credit unions the ability to use automation to connect on their specific financial needs.

The most successful financial institutions will transform their marketing efforts by leveraging technology that allows them to respond to

individual member needs as they evolve with market changes. Engaging members in dialogue and sharing hyper-personalized content specific to their individual financial goals positions credit unions to be seen as the trusted advisor best equipped to help navigate life-changing financial decisions. Communicating and advising honestly and openly with members based on their data, will show them that they are understood and have a partner for life.

When markets get tight, credit unions should prioritize member experience and take advantage of technology that can help them do more with the data they already have. Purposefully nurturing current and potential member relationships now, when other financial institutions may be taking a step back, demonstrates to members that the credit union is there to support them, and will be when the market rebounds.

> *Leveraging data to understand members at an individual level gives credit unions the ability to use automation to connect on their specific financial needs.*

IF YOU CAN'T BE A LENDER, ADVISE

In a down market with high interest rates, it's inevitable to see a slowdown in new borrowers. Luckily, the mortgage industry is cyclical and once it turns around, there will be a flood of members looking for lending partners. When this happens, there will be fierce competition, and credit unions that have offered financial insight and strategy beyond what is expected will come out on top. In a down market, if you can't be a lender, stay connected to members by serving as a trusted advisor.

> *In a down market, if you can't be a lender, stay connected to members by serving as a trusted advisor.*

Members don't want to be simply marketed to, especially when the content sounds tone-deaf to current market fluctuations. Credit unions that can advise and educate members by laying out realistic strategies that look beyond the current market conditions will have a full funnel when the market starts to look up. The more data and insights credit unions have available, the better advice and overall member experience they can provide.

Helping members understand their options to refinance, the benefits of owning a home to build equity, or the option for a reverse mortgage are specifically important. Other strategies, like the costs of waiting, rent-versus-buy options, and other loan opportunities for first-time homebuyers are all valuable insights that help build trust with members. When credit unions have access to the right data to inform and advise on these strategies, members will feel empowered and supported in making decisions when the time is right.

> *The more data and insights credit unions have available, the better advice and overall member experience they can provide.*

Surfacing member-specific insights to better understand what would be of value to them, given where they're at in their financial journey, shows you are proactively thinking of them. There has been a mindset shift for many originators and they are starting to take an advisory role more than ever before. By harnessing the best technology and data intelligence to surface opportunities, credit unions are staying in front of members' needs and maintaining relationships with members in new and innovative ways. Staying connected with members and making them feel educated and empowered will put credit unions in a stronger position to close more deals now, and in the future.

James White

James White, industry principal for banks and credit unions at Total Expert, has more than 25 years of experience helping modern depositories grow market share and drive profitability. Having worked with some of the largest banks and credit unions in the world, James believes in the power of an empathetic bank or credit union to create customers for life.

TAKING AIM
TARGETING NEW MARKET DEMANDS

Charting a More Effective Course

Appraisal Modernization Can Help Credit Unions Better Serve Members

By Jake Williamson
Fannie Mae

In response to a recent Fannie Mae survey of mortgage lenders, including credit unions, 94% of those surveyed agreed that appraisal modernization efforts are valuable to the industry. Lenders cited shortening loan origination cycle times and lowering borrower costs as key benefits, along with enhancing data quality, increasing confidence, reducing errors, and lowering repurchase risk. (The Mortgage Lender Sentiment Survey was conducted in the first quarter of 2022. Forty credit unions were among the 1,888 total respondents.)

BENEFITS OF APPRAISAL MODERNIZATION

How will appraisal modernization provide the benefits cited by survey respondents? Let's start by reviewing the current challenges. The method of establishing residential property values for mortgage lending hasn't evolved much for several decades. Obtaining a traditional appraisal is still, typically, one of the most time-consuming aspects of the mortgage lending process.

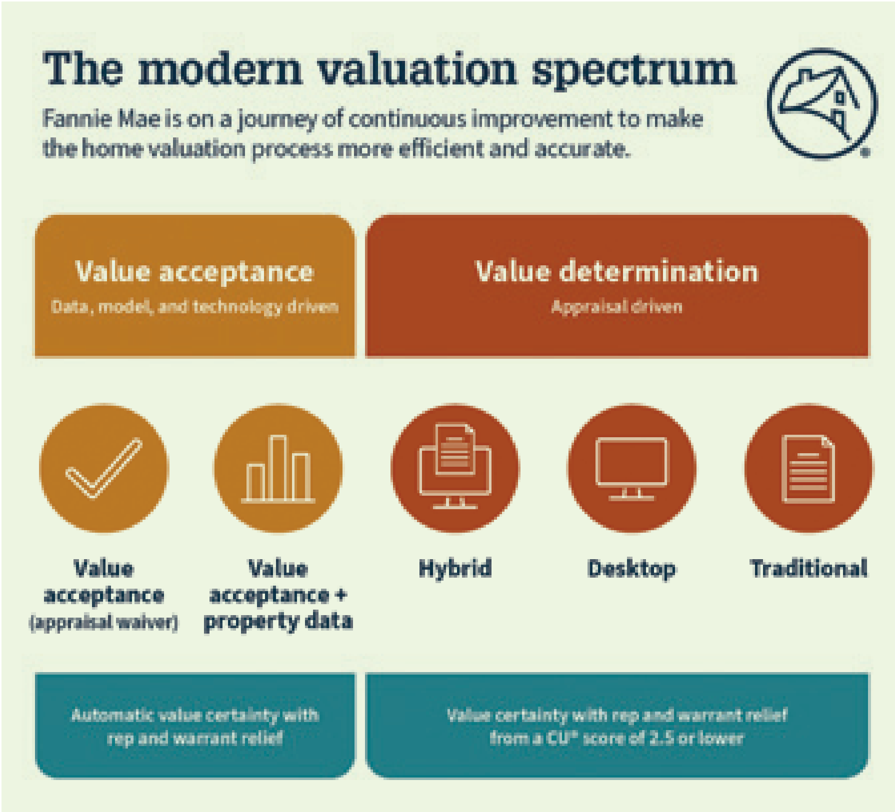
As an alternative to traditional appraisals, Fannie Mae offers value acceptance (appraisal waivers) on some loan applications when we have enough information to feel confident in the property value estimate. Over the years, we've enhanced waiver offerings based on improvements in data digitization, analytical techniques, and data sources. But so far it has been "all or nothing" — the full traditional appraisal approach or no appraisal — with no in-between options.

This binary approach is not consistent with how other mortgage risks are managed. Using a spectrum of options to establish a property's market value is a far better approach, with the option matching the risk of the collateral and loan transaction. The spectrum balances traditional appraisals with appraisal alternatives. Options range from use of automated valuation models to validate the estimated property value, to collection of updated property data to confirm the model value, to alternative-scope approaches like desktop appraisals and hybrids, to a traditional appraisal. This valuation spectrum mitigates appraisal pain points, including long wait times and rising fees due in part to appraiser scarcity and risks of human bias.

VALUE ACCEPTANCE SAVED MORTGAGE BORROWERS MORE THAN $2 BILLION SINCE 2020

Fannie Mae estimates that value acceptance (appraisal waivers) on loans sold to us saved mortgage borrowers $2.1 billion in 2020-2022[1]. More than $87 million of that cost savings can be attributed to credit union loans delivered with value acceptance. When we offer to accept the property value entered in Desktop Underwriter® (and waive an appraisal), it is because we are confident that the estimated property value submitted by the lender is consistent with expectations in the current market. Value acceptance is most often appropriate for home refinances, eliminating contact between an appraiser and the homeowner, and speeding up the refinance

> *"Among credit union respondents, 90% characterized appraisal modernization as "at least somewhat valuable" – slightly less than 94% among all respondents."*



process. We also offer value acceptance for some purchases, especially with a large down payment or a recent previous sale of the home. Continuous fine-tuning of our methodology allows us to maintain and expand value acceptance offers in a safe and sound manner, reserving the finite appraiser capacity for where it is needed most.

MODERN APPRAISAL METHODS SAVE TIME

Fannie Mae has been working with mortgage lenders, appraisers, and industry technology providers for several years to test digital innovation and alternative ways of conducting appraisals. In our test-and-learn activities, we have found that technology-assisted property data collection combined with analysis and valuation by professional appraisers to complete hybrid appraisals is saving an average of five days versus the traditional appraisal process.

In March 2022, Fannie Mae began allowing desktop appraisals as an option for some loans. Leveraging the power of advanced analytics, the speed of technology, and the abundance of data available today, appraisers can perform desktop appraisals without physically inspecting the property or having a face-to-face interaction with the homeowner/homebuyer.

> *Technology-assisted property data collection, combined with analysis and valuation by professional appraisers to complete hybrid appraisals, is saving an average of five days versus the traditional appraisal process.*

MODERN APPRAISAL METHODS AND RECRUITING PROGRAMS ARE HELPING FILL THE APPRAISER GAP

There is a shortage of appraisers in many places — especially rural areas — and fewer people are entering the profession, all of which increases wait times and costs for an appraisal. But appraisers can be more productive with desktop appraisals and hybrids because they don't have to schedule appointments or visit properties but can still access comprehensive property information to confidently determine a credible opinion of value.

Since 2018, Fannie Mae has worked through the Appraiser Diversity Initiative (ADI) to bring awareness of the real estate appraisal profession to potential new entrants and assist those entrants in overcoming various barriers to entry. New entrants to the profession can bring in new technology expertise and techniques to help further improve the methods.

THE JOURNEY TO A MORE EFFICIENT AND EFFECTIVE HOME VALUATION PROCESS

We know that credit unions are dedicated to serving their members' financing needs with excellence. There is tremendous opportunity for credit unions to benefit their members through adoption of the latest enhancements to the appraisal process and technology improvements that can better support mortgage lending. We invite credit unions to join Fannie Mae on this journey to chart a path forward to a more efficient, effective, and impartial home valuation process.

> *Value acceptance is most often appropriate for home refinances, eliminating contact between an appraiser and the homeowner, and speeding up the refinance process.*

1 *Fannie Mae analysis based on loan delivery data from January 2020 through October 2022 using $500 as the average appraisal cost savings.*


Jake Williamson

Jake Williamson is Fannie Mae's Senior Vice President, Single-Family Collateral Risk Management. He is responsible for oversight and management of all end-to-end collateral capabilities, including front-end collateral policy design, loan quality control activities for both credit and collateral, property valuations, valuation modernization, and real estate liquidation options.

TAKING AIM
TARGETING NEW MARKET DEMANDS

Quality Control is Critical to Success

When Mortgage Loan Volumes Go Low, Credit Union QC Must Go High

By Sharon Reichhardt
ACES Quality Management

It's no secret that credit union mortgage lenders are feeling the effects of an economy in contraction. The Mortgage Bankers Association (MBA) predicts a continued decline of total mortgage origination volume in 2023 to $2.05 trillion with no immediate end in sight. These are difficult times.

With this in mind, each and every loan that comes through the door becomes even more valuable in terms of credit union movement's ability to remain in the mortgage business. This increased importance-per-loan means credit unions must double-down on loan quality to ensure either immediate salability to investors or long-term servicing performance. To meet the demands of a changing market, credit unions need a robust mortgage quality control (QC) audit and reporting program to protect the integrity of the loans they are originating.

Over the last few years, regulators have telegraphed renewed focus on several areas of compliance. For example, the Consumer Financial Protection Bureau (CFPB) has been actively investigating and announcing its interest in areas such as appraisal bias, redlining, and serving borrowers with limited English proficiency. The Federal Housing Finance Agency (FHFA) has also announced the required use of its Supplemental Consumer Information Form (taking effect March 1, 2023) and the need for greater clarity around the Equal Credit Opportunity Act (ECOA).

These are clear signals for credit unions to stay informed on regulatory issues. While this interest has yet to result in a specific action and/or legislation, the CFPB has been active and outspoken over the past few years on its expectations and concerns from lenders. Heading into 2023, it's reasonable to expect some of these suggestions to become requirements. Staying current on the news and circulating information is one way credit unions can ensure their mortgage quality control programs meet the minimum standards.

> *The importance of data integrity and consistency cannot be overstated because it enables reports to truly have an impact.*

CAPTURING THE RIGHT DATA

Next, credit unions should take a hard look at the data being collected by their QC programs. Is loan data being captured and categorized in a manageable and understandable way? If the data cannot tell a story about loan production quality, collection and categorization then those efforts are all for naught. This is where automation can deliver tremendous benefits. Industry veterans likely remember the tedious days of conducting QC using spreadsheets and manual calculations. Spreadsheets cannot flag issues, communicate trends or uncover the root cause of defects. Furthermore, email is often the default method for communicating spreadsheet-driven results, making it difficult to bring the proper sense of context and urgency to addressing loan quality issues. By leveraging automation, credit unions can eliminate these issues and significantly improve QC reporting by ensuring audit findings:

- Contain data accuracy and consistency;
- Offer communication and feedback; and
- Use graphics to outline the story and convey the message.

> *With mortgage borrowers in short supply, credit unions cannot afford to sacrifice current mortgage originations to poor quality.*

Data integrity is key to successful reporting. Credit unions should perform periodic reviews of the data in the QC system to preserve and protect reporting. As the saying goes, “Bad data in, bad data out.’ If data fields change in the source system or a new data point needs to be captured, this information must be shared with the QC team to ensure the consistency and accuracy of QC reporting.

Along these same lines, the QC team should establish consistent terminology, naming conventions, formatting and formulas so that they can be applied across the organization — not just the mortgage lending division — so that everyone is speaking the same language and interpreting results the same way. This “common language” must be documented and used throughout the credit union to ensure consistency.

> *Connecting QC results to fraud investigations and investor-related audits is another way to show the connection between QC and revenue retention.*

WORKING TOWARD A COMMON GOAL

The importance of data integrity and consistency cannot be overstated, since it enables reports to truly have an impact. A successful QC department’s reports should include target defect rates, gross and net defect rates, root cause analysis and trending, reporting by regulation and action plans. While government-sponsored entities (GSEs) like Fannie Mae and Freddie Mac require approved seller-servicers to report gross and net defect rates, investors and other regulators also have a vested interest in these data points. Thus, credit unions need clear and accurately defined targets that reflect their quality standards to ensure everyone is working toward a common goal, whether that be long-term servicing performance or salability on the secondary market.

When it comes to the importance of gross versus net defects, many lenders tend to emphasize the latter rather than the former, as the net defect rate reflects the number of “uncurable” errors committed. However, the gross defect rate is the better barometer for determining the degree to which origination processes support loan quality. As such, credit unions should closely monitor their gross defects and be thorough in creating and implementing action plans to mitigate errors. Monetizing QC defects, especially gross defects, can help emphasize the importance of the QC process in identifying the root cause of these errors and rectifying them before they come to a regulator’s or investor’s attention. Connecting QC results to fraud investigations and investor-related audits is another way to show the connection between QC and revenue retention.

With mortgage borrowers in short supply, credit unions cannot afford to sacrifice current mortgage originations to poor quality. A well-managed QC process not only enhances origination activity by supporting high-quality, high-performing mortgage production but also reduces operational deficiencies and risk, improves fraud prevention and ultimately protects borrowers. While a low-volume market seems like a poor time to make any technology purchase, investing in QC automation multiplies the impact of QC efforts enterprise-wide by enhancing quality in both lending and non-lending lines of business, thereby extending the value of the investment.

Sharon Reichhardt, executive vice president of operations at ACES Quality Management, brings more than 3 decades of industry experience to ACES. Her previous experience spans auditing for mortgage originations and servicing, consumer banking and lending, and commercial lending. Reach her at sreichhardt@acesquality.com.

Sharon Reichhardt

Marrying Diversification and Technology

Automating Processes Offer Credit Unions More Profitable Paths Forward

By Nathan Bossers
Boston National Title

When amateur choral singers audition for solos, the ones who aren't chosen don't just accept defeat. Neither should credit unions that find themselves behind the competitive curve.

Instead, choral singers who want to make their marks sign up for coaching, improve their technique, and try out for other opportunities. By building smarter vocal habits, they eventually land the solo of their dreams.

With a crescendo of challenges befalling the mortgage industry, including a projected $2 trillion drop in total U.S. originations from 2021 to 2022 (at this writing), now's the

> *Is there an opportunity to attract self-employed borrowers who might not "check the boxes" for an agency mortgage?*

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time for credit unions to practice some new techniques, too. Difficult as the market is, this is an opportunity for member-owned financial institutions to rethink all facets of their organizations, including their product mix, operational processes, and technology choices. The resulting transformation may just keep them competitive in the short term, while setting them up for longer-term growth.

> *Credit unions may want to offer property tax review/appeal services to help members prevent overpayment.*

PRODUCT DIVERSIFICATION TAKES CENTER STAGE

First, credit unions should be assessing whether their product mix is as relevant as it could be, or if diversification would empower them to compete for new borrowers, while maximizing lifetime engagement and profitability of their current membership.

Consider the following questions:

- Is there an opportunity to attract self-employed borrowers who might not "check the boxes" for an agency mortgage? In February 2022, close to 11% of the U.S. labor force fit this category. Offering new or additional Non-QM loans might position credit unions to penetrate this market.
- What about credit unions with a large proportion of retired members? Might these individuals be feeling inflationary pressures, and have a new interest in reverse mortgages?
- Are credit union leaders noticing a plethora of home improvement projects in their region, as owners wait to put their houses on the market? This could signal increased demand for second mortgages and HELOCs.
- With home valuations still high (even as some prices come down), are members' property tax assessments going through the roof, and making inflation more painful? Credit unions may want to offer property tax review/appeal services to help members prevent overpayment.

REMOVING FRICTION FROM THE PROCESS

When credit unions were flush with purchases and refis, they may not have felt as much incentive to attack the many frictions that slow down mortgage lending. But now, as lenders seek to compensate for the slowdown by selling higher volumes of less lucrative products, added efficiencies could bolster profit margins.

Indeed, 10 years' worth of Incenter data demonstrates that shortening the time to close empowers lenders to increase both earnings and profits. But when credit unions handle title, valuations, and other time-intensive processes in the same way, year after year, they could be missing out on financial improvements.

That's especially true if they're introducing products such as home equity loans for the first time. These products have gotten increasingly complex, and to improve margins on them, credit unions are well-served to handle each loan process with operational precision. There are ways to provide a "wow experience" to members while removing unnecessary costs and steps at each stage — including marketing, title, valuation, closing and post-closing.

> *When credit unions handle title, valuations, and other time-intensive processes in the same way, year after year, they could be missing out on financial improvements.*

EMPLOYING TECHNOLOGIES FOR PROCESS OPTIMIZATION

Newer technologies are making process optimization possible, starting with credit unions' own membership database software, which can provide the foundation for smarter, more segmented marketing. This software can be particularly helpful for products like second mortgages, which should be packaged and marketed differently depending on borrowers' level of equity, property valuations, and several other variables. The more in tune credit unions are with their borrowers, based on this data, the higher the return on their product diversification and marketing efforts is likely to be.

What about technologies to streamline lending when this marketing is successful? Consider the following examples:

- AI-based instant title decision engines, which clear many titles to close within seconds. These egines can also be used for market segmentation when lenders' own databases aren't sufficient.
- Remote/desktop appraisals, which enable the completion of a thorough, compliant appraisal inspection while eliminating drive time to/from the appraised properties. Driving often consumes up to 50% of appraisers' work day, limiting the number of valuation orders these professionals can complete in any given time. Technologies that empower appraiser partners to capture and upload time-stamped and geographically verified images and videos, and create floor plans, are speeding up the process.
- In-person electronic notarization (IPEN) and remote online notarization (RON) technologies, which are streamlining the closing and post-closing cycles, including funding the e-recording of deeds while providing the borrower with a more convenient signing experience.

Credit unions can further increase their performance by custom-tailoring their processes and technologies, member by member and loan by loan, providing just the right amount of effort (no more, no less) at every juncture. For instance, a $500,000 HELOC might need a full title report, 1004 appraisal, and in-person wet signing. A $30,000 HELOC might merit a Legal & Vesting (L&V) report, drive-by appraisal, and an IPEN signing.

PUTTING MEMBERS FIRST

Credit unions pride themselves on providing exceptional member services. With this more chiseled approach to process optimization, their customer-first philosophy should remain their North Star. As they evaluate new technologies, they should remember:

- Don't disrupt, improve. Never choose automation solely because of its bells and whistles. Lenders need to be convinced that it will streamline processes, be easy to put into production, and be embraced by credit union staff and customers alike.
- Extend the applications for every new technological investment. For instance, the same automation used to streamline purchases can also optimize loan modifications from end to end, making life easier for members, and ensuring that the resulting mortgages continue to perform.

> *The more in tune credit unions are with their borrowers, based on this data, the higher the return on their product diversification and marketing efforts is likely to be.*

Today's origination downturn will reach its finale soon enough. Meanwhile, those credit unions that reengineer their product offerings, processes, and automation now will be well-positioned for the upturn. And grateful members will continue to applaud their attentive, responsive service.

Nathan Bossers

Nathan Bossers is president of Boston National Title Agency, LLC, a leading independent title agency and part of the INCENTER family of companies designed to optimize mortgage industry processes and improve lenders' and servicers' performance. Contact Mr. Bossers at nbossers@bostonnationaltitle.com.

TAKING AIM
TARGETING NEW MARKET DEMANDS

Keeping Your Loans at Home

Servicing Retention Provides Income Until the Refinance Market Resurges

By Susan Graham
FICS

Rising property values and low interest rates pushed mortgage loan origination volume to roughly $4 trillion in 2021, the highest level ever recorded. Since then, rising inflation and interest rates have curtailed loan applications — particularly refinances. The 30-year fixed mortgage rate topped 7% — the highest rate since 2002 — on November 10, 2022. "Higher mortgage rates have pushed refinance activity down more than 80 percent from last year," said Joel Kan, the Mortgage Bankers Association's AVP of Economic and Industry Forecasting.

The key may be servicing fees, income that helps credit union lenders offset revenue losses due to lower origination volume. Credit union mortgage lenders that sell off loans to the GSEs or other investors to free up liquidity may want to consider retaining servicing. By investing in the right mortgage servicing software, lenders can effectively service their loans in-house. The right software can help servicers comply with investor requirements and create value for their organization and its members.

BENEFITS OF IN-HOUSE SERVICING

Selling mortgage loans on the secondary market provides liquidity, freeing up funds for additional lending so lenders can originate more loans (focusing on purchases instead of refinances). Lenders that sell to the GSEs may choose to retain the servicing rights. Keeping servicing in-house benefits both credit unions and their members by generating servicing fee income, increasing cross-selling opportunities, and improving the member experience.

Consider the following:

Servicing fee income. Well-trained staff using robust mortgage servicing software can service 700 or more loans per employee. Doing some simple math, using the average loan size in early November ($389,400) and the standard service fee of 25 basis points for the year, each servicing employee can generate more than $680,000 in annual service fee income alone. Ancillary income, such as late fees and commissions on optional insurance, increases the profits.

Cross-selling opportunities. In-house servicing can also lead to more sales opportunities via more personal relationships with members. Lenders can become a trusted advisor to the member to help protect the asset and offer home improvement loans as well as options for home maintenance to generate additional revenue and provide a positive member experience.

Access to future refi prospects. By retaining servicing, credit unions maintain their relationship with their members, giving them access to borrowers who may choose to refinance when interest rates drop. When the conditions are right, credit unions can reach out to borrowers, inviting them to refinance. If credit unions sell those loans, they give away their direct access to these borrowers and first-hand visibility to their mortgage loan. By selling off their servicing rights, they also lose potential revenue opportunity.

Member satisfaction. Transferring servicing to another institution jeopardizes customer satisfaction. According to J.D. Power's 2022 U.S. Mortgage Servicer Satisfaction Study, overall customer satisfaction and trust in the servicer drop when the mortgage is transferred to a servicer that is different from the originator. The originating firm that made the transfer also suffers, with only 15 percent of transferred customers saying they are "very likely" to consider using the original lender in the future. By retaining servicing, credit unions build borrower trust and loyalty.

Better communication. When servicing is done in-house, credit unions can provide the exceptional customer service that members — and the Consumer Financial Protection Bureau (CFPB) — expect. When servicing is outsourced, credit unions have no control over the quality of the customer service delivered by the third-party provider.

Although most borrowers have exited COVID-19-related forbearance, approximately 350,000 homeowners were still in forbearance plans as of October 31, 2022. Total loans in forbearance increased slightly in October. "Several factors were behind the first monthly increase in forbearances in 29 months, including the effects of Hurricane Ian in the Southeast… and the fact that new forbearance requests have closely matched forbearance exits for the past three months," said Marina Walsh, CMB, MBA's Vice President of Industry Analysis.

As borrowers exit forbearance plans, communication between mortgage professionals and borrowers is more important than ever. The CFPB warned servicers to take all steps to prevent avoidable foreclosures as borrowers exit forbearance. The CFPB is paying close attention to how well servicers are:

- **Being proactive.** "Servicers should contact borrowers in forbearance before the end of the forbearance period so they have time to apply for help."
- **Working with borrowers.** "Servicers should work to ensure borrowers have all necessary information and should help borrowers in obtaining documents and other information needed to evaluate the borrowers for assistance."
- **Handling inquiries promptly.** "The CFPB will closely examine servicer conduct where hold times are longer than industry averages."
- **Preventing avoidable foreclosures.** "The CFPB will expect servicers to comply with foreclosure restrictions in Regulation X and other federal and state restrictions in order to ensure that all homeowners have an opportunity to save their homes before foreclosure is initiated."

> *Well-trained staff using robust mortgage servicing software can service 700 or more loans per employee.*

During these challenging financial times, when many borrowers need prompt, exceptional communication, personalized attention, and assistance from their servicer, in-house servicing has even greater value

SERVICING SOFTWARE SIMPLIFIES IN-HOUSE SERVICING

To make in-house servicing efficient and effective, credit union servicers should use mortgage servicing software that integrates with other in-house software, such as the core system and loan origination system (LOS), to provide seamless data flow for every facet of mortgage servicing. Mortgage servicing software automates investor reporting, making it easy for servicers to comply with investor reporting requirements and accurately remit funds and report on the status of the loans in their portfolio.

Web applications give members convenient, immediate access to their up-to-date mortgage information, allowing them to make online payments and access real-time loan information and documents. Web applications are an easy way for servicers to communicate with borrowers. Servicers can use web apps to send personalized email messages such as, "Your forbearance period ends on March 15th. Contact us now to discuss repayment options."

DON'T FORGET THE HUMAN TOUCH

While 90% of consumers use digital banking channels, human interaction (in person or by phone) is essential for providing financial advice and executing more complex transactions. Two-thirds of consumers prefer to rely on human expertise when getting any financial advice.

Digital mortgage technology such as mortgage servicing software and web applications can provide loan information "on-demand," but borrowers still want the human touch. While they may prefer to check their balance or make payments online, many members still want to interact with real, live mortgage professionals occasionally — such as when exiting forbearance.

Credit union servicers that embrace a hybrid approach — blending self-service technology with support from well-trained mortgage professionals — will have more loyal, satisfied members.

By retaining servicing and utilizing the best mortgage servicing software, credit union servicers can increase revenue while delivering superior customer service that promotes borrower retention. Web applications give borrowers 24/7 self-service access to loan information, leaving servicers more time to provide personalized support and financial advice when members need them.

Susan Graham is president and chief operating officer of FICS (Financial Industry Computer Systems, Inc.), a mortgage software company that provides flexible loan origination and mortgage servicing software.


Susan Graham

TAKING AIM
TARGETING NEW MARKET DEMANDS

Mining Untapped Gold

Don't Give Up on Your Inhouse Resources to Reach New Markets in 2023

By Adam Pickett
Accelergy Consulting

"Three Feet from Gold"
is a poignant true story from the 19th century as told in Napoleon Hill's inspirational book *Think and Grow Rich.*

According to the story, a Maryland man discovered a gold mine in Colorado and raised capital to purchase the necessary machinery to tap its riches. Suddenly, the lucrative treasure disappeared. He spent significant time and resources to relocate the path, but ultimately decided to quit and head back home.

To recoup some of the losses, he sold the equipment to a local junk dealer before venturing back east. Hearing the man's story, the resourceful junk dealer hired an engineer who analyzed the terrain and determined the gold was just three feet from where the man stopped digging. The result? The junk dealer discovered gold almost exactly where predicted!

Without the proper knowledge and a cohesive strategy, the Maryland man stopped digging ignorant of the fact that the gold was so close. Unfortunately, this same situation is happening at many credit unions across the country.

GOLD LIES WITHIN YOUR MORTGAGE TEAM'S REACH

With the rise in interest rates and the evaporating refinance market, 2023 will likely shock many credit union mortgage teams. Purchase opportunities will be harder to come by and teams must brush off their sales skills to compete in this new environment.

But unlike some financial institutions — such as banks and independent mortgage brokers — credit unions have a rich database of members that are "three feet away" and often haven't been "mined" when it comes to mortgages.

One executive recently told me that an internal survey of their credit union's members discovered 60% didn't even know the organization offered mortgages. Unfortunately, industry penetration rates back up this study. Per data sourced through Callahan & Associates, a random sampling of 93 institutions between $1 billion and $5 billion in assets revealed just 4.6% of members had their first mortgage with their credit union. Even bleaker, a sampling of 101 credit unions between $500 million and $1 billion in assets was even lower at 3.7%.

> *Before you crank up your marketing machine, you must have the correct processes and systems in place to manage every lead.*

Simply increasing that figure by one or two percentage points can have a massive impact on achieving your 2023 goals. However, before you start "digging for gold" within your member base, you must have the right strategy in place to ensure all opportunities are captured and tracked.

NO MEMBER LEFT BEHIND

The value of every lead generated is exponentially higher in a challenging market. As you begin to drive mortgage awareness and purchase interest with your members, you must ensure no opportunity identified falls through the cracks.

A marketing firm CEO recently shared that one of her team's campaigns yielded over 700 digital leads for a credit union mortgage team. However, since there was no proper sales infrastructure or tracking tools in place, few received the proper follow-up, leaving a close rate of 3% or less. Before you crank up your marketing machine, you must have the correct processes and systems in place to manage every lead.

To start, Accelergy always recommends identifying every channel an opportunity may come from, such as branch interactions, marketing campaigns, or online banking. It is important to consider where the lead goes, who it is assigned to and most importantly, how the follow-up process will be managed. This is critical to exceptional member service and closing more loans.

Clearly identifying your process is the critical first step, followed closely by ensuring you are tracking every opportunity generated. Whether you already have a CRM tool in place, or need to create a simple Excel spreadsheet, tracking every deal is crucial to maximizing the value of your marketing spend. Documenting your sales processes and aligning them to the right tracking tools is a dynamic combo that will ensure "no member is

left behind" and allow you to begin mining this untapped gold.

TOOT YOUR OWN HORN

My parents always told me, "If you don't toot your own horn, no one will." This applies to credit unions as well.

Do your members even know your credit union offers mortgages? Have they been educated on the various loan types available to them, especially as products evolve and new ones emerge? And, as rudimentary as it sounds, do they even know the difference between a credit union and a bank?

> *Partnering with your marketing team to identify targeted messaging is key to educating your members.*

Partnering with your marketing team to identify targeted messaging is key to educating your members. Communicating the benefits of your products — regardless of members' level of knowledge — is a great way to increase awareness while getting potential homebuyers to raise their hands.

Don't be short-sighted. Marketing should be a 365-days-a-year process to regularly engage members.

EDUCATE AND ACTIVATE YOUR INTERNAL PARTNERS

Your branch and call center partners are on the front lines everyday interacting with members and helping them with their financial needs. Yet all too often, these teammates may not have the proper knowledge or know the right questions to ask during these interactions.

They've often had the kitchen sink thrown at them, being overwhelmed with the features, benefits, and subtle nuances of every product offered. The result often is that too little of that information may be retained, which ultimately leads to avoiding conversations about mortgages.

In fact, these partners may not need ANY information about your products. Rather, arming them with the right questions to ask or nuggets of information to look for are key to identifying opportunities. All you want from these team members is to identify and hand off a lead to one of your loan officers.

LOAN OFFICERS NEED LOVE TOO

Don't assume your loan officers have all the knowledge and tools necessary to be successful in an every-changing market. Even among seasoned team members sales skills may be rusty after two years of the phone ringing off the hook. As for newer loan officers, many of whom were promoted from inside the credit union, they may have never had to sell or deal with competing offers.

First, your teams should be regularly educated on your products and made aware of changes to them in real-time. In addition to features, make sure they know how to position the products to the right target audiences, which is critical in a competitive market.

Second, training on sales skills should be a part of your continuous development strategy. As these facilitations occur you can begin to identify skill gaps and determine which team members need a little more coaching. One-on-ones are a great way to focus on individual needs in a non-threatening way.

Finally, building relationships outside your credit union is a crucial source for generating new leads. No different than product knowledge, many team members may need to be educated or reminded how to develop, nurture, and manage referral partners.

> *Don't be short-sighted. Awareness and education should be a 365-days-a-year process to regularly engage members.*

GOLD OUTSIDE YOUR MEMBER BASE

Last fall I flew to Greenville, South Carolina, to speak at the Southeast CUREN's annual conference. During my flight I learned the couple next to me had owned a brokerage firm with 15 realtors for more than a decade. When our discussion turned to loans, I asked if they worked with any credit unions. To my disappointment, they responded, "We didn't know credit unions did mortgages!"

According to Stratmor Group data from 2019 — the last full-year before the pandemic — 46% of respondents said their realtor was the most influential factor in selecting their mortgage provider. Yet, like the story I just shared, many agents are unaware credit unions offer home loans, much less understand the unique benefits they can offer their clients.

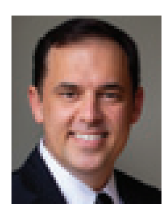
Whether it was team members overwhelmed by incoming deals, or the lack of networking opportunities during the pandemic, many leaders have not been encouraging their team members to self-source deals through external partners. That needs to change.

Unfortunately, this approach doesn't magically yield results overnight; it requires time to build trust with referral sources. However, if done the right way, these partnerships can become an invaluable tool to build a steady stream of loans that can have a major impact on production.

2023 IS AN OPPORTUNITY

While there may be rougher waters ahead, credit unions have an opportunity to reset their approach to be positioned for sustained growth in the future. Doing so will take the right mindset from leaders and a cohesive strategy with key partners, but it will ultimately take you the remaining "three feet" needed to reach your own untapped gold.

Adam Pickett is the founder and CEO of Accelergy Consulting, which helps credit unions succed by focusing on critical processes that drive growth.



Adam Pickett

TAKING AIM
TARGETING NEW MARKET DEMANDS

Thinking End-To-End

Loan Automation Maximizes Opportunities in Any Market

By Joey McDuffee
Blue Sage Solutions

Credit unions have always enjoyed certain advantages when it came to selling mortgages to members. Yet even credit unions are not immune from the ups and downs of the housing market, which became evident after a series of Fed rate hikes throughout 2022 have pushed many potential homebuyers to the sidelines.

However, some credit unions aren't feeling the pinch as badly as others. In fact, despite soaring mortgage rates and home prices, and increasing talk of a recession, the largest credit union in New England just doubled its loan volume this past summer, boosting loan productivity by 85%. And there's nothing stopping other credit unions from achieving similar results.

WHEN IT'S TIME TO AUTOMATE

Most mortgage organizations — banks, lenders, and credit unions alike — rely on a hodge-podge of software and systems to originate loans. As a result, their efficiency in producing mortgages depends heavily on the capabilities and limitations of their technology. Unfortunately, most loan origination systems used by credit unions are 10 years old or even older, which makes them difficult to integrate with other software and systems.

Digital Federal Credit Union (DCU), based in Marlborough, Massachusetts, faced a similar situation until this past year. The credit union, which serves more than 1 million members and manages more than $9.9 billion in assets, initially planned a point-of-sale system/LOS conversion, but eventually decided it needed transformational technology rather than a loose collection of disparate systems that often resulted in lost data and high overtime costs.

DCU began looking for modern technology that would act as the hub of its mortgage ecosystem, enabling seamless integrations with other software and services. The credit union ultimately found a flexible, cloud-based, end-to-end loan origination platform that would allow it to modernize its lending processes as well as automate other aspects of its operations.

> *The National Association of Realtors is predicting that home sales will decline 7% in 2023 before rebounding in 2024.*

Once finding such a platform, DCU configured it to centralize all its mortgage-related technology while creating a tailored, seamless user experience for both its staff and borrowers. Immediately, the new platform helped DCU leverage the combined power of multiple technologies, including automated service orders, automated document recognition (ADR) and eClosing services. Ultimately, DCU was able to automate more than 70 different processes involved with mortgage loans, which included providing the ability for its members to apply for loans through an online portal.

Since implementing its new platform and automating mortgage processes that were previously performed by hand, DCU boosted its loan productivity by 85% while closing more loans faster and reducing overtime costs. In fact, Jason Sorochinsky, DCU's vice president of mortgage lending, said the platform "has made loan production completely frictionless — and our entire mortgage staff are happier than ever, too."

> *Since implementing its new platform and automating mortgage, Digital Federal Credit Union boosted loan productivity by 85% while closing more loans faster and reducing overtime costs.*

THE OPPORTUNITY IS HERE

Clearly, no amount of technology is going to help credit unions completely overcome the challenges of today's housing market. It's undeniable that higher interest rates are impacting home sales, thus following Sir Isaac Newton's Third Law of Motion — to paraphrase, "every action has an equal and opposite reaction."

But technology can help credit unions reduce the impact of Newton's law and optimize the opportunities that do exist. And today's modern, cloud-based systems certainly help any credit union improve their loan production processes and create a better experience for its members despite today's tough market.

In fact, by modernizing its lending processes, DCU was able to do even more than produce loans faster and provide better service to its members. Because the credit union chose a platform that was completely built and managed in the cloud, it was able to quickly pivot to new loan products that its members requested and needed. DCU took advantage of these capabilities to add home equity loans and home equity lines of credit (HELOCs) to its lending mix, two products that are still seeing growth in today's housing market.

NEW TECHNOLOGIES HELP RETAIN TALENT

At a time when many credit unions are normalizing staffing, it bears mentioning that new technologies enable organizations to retain talented employees by making their lives easier — in other words, not forcing them to constantly rekey data by hand when automated tools can do this work for them.

Clearly, from what we've seen over the latter part of 2022, all mortgage lenders — not just credit unions — have been challenged with reducing costs while maintaining adequate levels of staffing to ensure they continue to benefit members. These challenges will continue well into next year, too.

In fact, the National Association of Realtors (NAR) is predicting that home sales will decline 7% in 2023 before rebounding in 2024. And while growing home inventory will offer buyers some relief, NAR projects that home prices will remain high. All of this means that members who do plan to buy a home or use their home's equity for a variety of needs will be relying on their credit union to provide them with the widest range of options and the patience to help them achieve their goals in a challenging economic environment.

> *At a time when many credit unions are normalizing staffing, note that new technologies enable organizations to retain talented employees by making their lives easier.*

No matter what happens, it will be incumbent upon all credit unions to maximize their resources to address new and current member needs, whether it's a home renovation loan to accommodate a member's growing family or improve the ability to care for an aging parent or tapping into home equity to pay a child's college education. Having a flexible mortgage platform will not only help credit unions automate production of these loans, but other facets of their operations as well.

After all — as the Greek philosopher Epictetus once wrote — it's not what happens to you, but how you react to it that matters.

Joey McDuffee

Joey McDuffee, VP of Sales and Marketing at Blue Sage Solutions, has been dedicated to development, support and sales of mortgage origination technologies for more than 25 years. He has worked with a variety of the largest banks and mortgage companies across the country, including Wells Fargo, Citicorp, and JP Morgan Chase, designing and implementing mortgage origination technology solutions and assisting with transformational process re-engineering.

"Not Just Another Sale"

Stronger Relationships in 2023 Are the Key to CU Lenders' Success

By Rich Gagliano
Black Knight

At a time that calls for a high-volume approach to be replaced with a humanized one, credit unions can leverage their mortgage communication to strengthen member relationships and engagement in home financing services.

Rates are up, purchase volume is down, and the refinance boom is long gone as we enter 2023. Coming out of such a tight, purchase-focused year, credit unions that are serious about mortgage lending in 2023 will need to overcome members' negative homebuying sentiment by engaging them with communications that support a positive homeownership journey in a challenging economic environment. One way credit unions can rise to this occasion is by carefully retooling their mortgage marketing content, strategy and technology to meet the high-touch relationship nurturing demanded by the competitive new market environment.

REFRAME MARKETING CONTENT AND MESSAGING

Today, credit union marketing strategies need authenticity above all else. Consumers constantly bombarded by sales messages are quick to tune out anything that does not resonate with them on a personal level. Honesty and relatability drive market penetration and engagement far more effectively than tired, generic marketing messages.

Fortunately, credit unions are in a unique position. As member-led, community-focused institutions, it's easier for credit unions to appeal to their network of members and prospects on a more personal level. Marketing content that tells the story of your organization and its members is more likely to hit home than inauthentic form letters.

For example, real stories about members' financial successes or services that have helped members overcome difficult financial situations are likely to resonate with existing and prospective members who are undergoing similar situations. Featuring a loan officer's headshot alongside the personal story or member testimonial will help viewers associate a face with the message, making it feel even more genuine. By humanizing the home buying process and showcasing the attentive service your organization provides, credit unions can better win over homebuyers with personalized service that reaffirms that members are valued and not "just another sale."

REEVALUATE YOUR MARKETING STRATEGY

When establishing a credit union marketing strategy, the first and most crucial step is to understand your target audiences and their unique needs. At the end of the day, the more an organization knows about the financial goals of its current members and prospects, the easier it will be for its loan officers to distribute relevant marketing content in a timely manner.

Of course, segmenting contacts and distributing personalized outreach can be a formidable task for smaller credit unions with smaller marketing team or even just a single marketing manager. However, advances in marketing technology now support credit union marketing workflows to be configured in a "set it and forget it" manner, such as automatically initiating campaigns that drip targeted messaging at routine intervals without any hands-on intervention. Powerful marketing automation can be leveraged in multiple marketing channels and is important in a market where being the first to capture members' attention is crucial to capturing their home financing business.

Rapidly rising interest rates, along with a lack of affordable housing inventory, have made filling purchase pipelines a daunting task, but every storm cloud has a silver lining. The market transition in 2022 also ushered in opportunities for homeowners to tap into their growing home equity. Credit unions can derive greater benefit from this market by adopting marketing strategies that target members who may benefit from tapping into their equity with a loan or line of credit – namely those members whose home values have appreciated and thus, may be carrying lower loan balances.

Incentivized marketing is another strong marketing strategy credit unions can use to boost the open and response rates of their outreach. Offering a limited-time discount, a special interest rate or additional financial services can help motivate uncertain members and prospects to respond or inquire sooner. Inquiries driven by incentivized, multi-channel marketing strategies can even be managed easier by using a mortgage customer relationship management (CRM) system to collect consumer data from online response forms.

> "Consumers constantly bombarded by sales messages are quick to tune out anything that does not resonate with them on a personal level."

REVAMP YOUR MARKETING TECHNOLOGY

Automated, targeted, multichannel credit union marketing strategies may seem like a tall order to those operating with limited resources, but fear not. A comprehensive CRM system can provide not only the fundamental mechanics to market to your current and prospective members, but also the built-in tools, automated workflows and innovative communication channels that keep consumers hooked.

One of the biggest advantages that a strong CRM and marketing automation solution can offer credit unions is the ability to modernize branded marketing content, rather than just relying on traditional member outreach methods.

For example, tools that make it easy for loan officers to create and share video across text, email and social media are especially useful for engaging the next generation of homebuyers. Even if a video does not personally address an individual prospect, the viewer will still feel like they are getting to know the loan officer featured in the video on a more personal level than they would through a generic written message.

> "Honesty and relatability drive market penetration and engagement far more effectively than tired, generic marketing messages."

Adding a human touch by showing their face and voice makes it easier for loan officers to exhibit their expertise and personality to members and prospects in an engaging and authentic way. With a well-equipped CRM, videos can also be saved and delivered automatically to the appropriate audience using drip campaigns, eliminating the need for third-party editing tools and constant reshoots.

In addition to video, interactive digital content can offer additional lead generation opportunities. Online calculators, for instance, encourage consumers to explore scenarios for different loan options and calculate potential monthly payments. Associating these self-service calculators with your brand through emails or your website helps build member trust and loyalty. After all, buying a home is a life-altering decision, so why wouldn't borrowers want to work with a credit union that helps them explore all their options so they can make the smartest financial decision?

IN CONCLUSION

Under such tight housing market conditions, mortgage marketing may not be your top priority for 2023. However, before you cut marketing from your budget, consider modern marketing technologies that offer a cost-effective way for credit unions to create innovative marketing content and adopt an automated marketing strategy across various communication channels. Credit unions that prioritize establishing and maintaining personal relationships with members and prospects over casting a wide net of incessant, generic outreach will be better equipped to compete and win in 2023.

Rich Gagliano

Richard ("Rich") Gagliano is President of Origination Technologies for Black Knight. As the division's leader, Rich is primarily responsible for Black Knight's loan origination systems, along with a suite of high-performance solutions designed to drive operational efficiencies, lower costs, improve the borrower experience and deliver connectivity and online collaboration for all participants in the mortgage origination process.

TAKING AIM
TARGETING NEW MARKET DEMANDS

Facing a Climate of Disruption

Will You Be Ready for What's Next in Mortgage Servicing?

By Lori J. Pinto, CMB
Cenlar FSB

In contrast to the upheaval of the pandemic and the volatility of the last several months, we could easily recast the pre-pandemic months and years as a period of constancy, if not relative tranquility. But a true picture of American life over the last two decades is anything but placid.

That's especially so for credit union members and all of you in the mortgage industry. Recent years have been punctuated by great waves of disruption — from the Great Recession to billion-dollar weather and climate disasters. Conducting business and caring for members in periods of disruption can be challenging. Will you be ready for what's next?

Here are some things to think about that may influence your mortgage servicing plan.

> *Recent years have been puncruated by great waves of disruption.*

It's no secret mortgage volume has dropped dramatically, with rising rates and prices making home affordability difficult for members. If you're looking for a partner you can depend on to help increase your mortgage production, discover the MFM Difference! We provide the tools, resources, and expertise to help you achieve your mortgage volume goals and positively impact your Credit Union's bottom line.

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– Aaron Craig, Georgia's Own Credit Union

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AN ENVIRONMENT OF HIGH INTEREST RATES, ALTERNATIVE PRODUCTS AND REGULATORY RESPONSIVENESS

Interest rates are climbing. In Q4 2022 alone, we saw rates hit 7.5%. It's becoming more challenging to originate new loans. On top of that, inventory is limited, as most people want to hold on to the equity in their homes as values rise. To stay competitive in the marketplace, credit unions are putting their best efforts toward other product offerings like adjustable-rate mortgage loans, manufactured loans and buydowns.

> *Conducting business and caring for members in periods of disruption can be challenging. Will you be ready for what's next?*

While credit unions look to promote alternative products, there is also the scrutiny of an ever-changing regulatory environment. So while you may be focusing on how to market alternative products to your members, partnering with a subservicer that has the expertise to manage the regulatory and compliance requirements may be critical factor to your credit union's continued success.

Each time new laws, regulations or programs are put in place, a servicer must first determine their impact and then design how to implement them. This includes creating procedures, testing, and quality controls, while at the same time communicating those changes to business partners, members and affected operational areas.

At Cenlar, for example, we have a formal process that entails working with our legal regulatory attorneys to understand the requirements and provide interpretation of the change to our compliance team. The team then works with operations and business control managers to understand the impact to business processes and procedures, training, communications, vendors and systems. The process allows us to be prepared and better able to take action.

> *Look to mortgage subservicers to leverage data and analytics to determine what tools are needed to obtain the best communication experience for each member.*

DELIVERING AN EXCELLENT MEMBER EXPERIENCE

The credit union member has an expectation that their mortgage servicer, whether subserviced or not, will deliver an experience to meet their individual needs. That means leveraging the servicer to engage with members over time to establish relationships and learn their preference for communicating. Whether through the regular cycle of onboarding, escrow, monthly payments and year-end or extraordinary challenges facing members like the pandemic and natural disasters, providing responsive, anticipatory and always-caring service is a necessity. Look to mortgage subservicers to leverage data and analytics to determine what tools are needed to obtain the best communication experience for each member. For this reason, subservicers are investing in technology, such as bots, automation and artificial intelligence (AI) to enhance the customer experience.

> *Each time new laws, regulations or programs are put in place, a subservicer must first determine their impact and then design how to implement them.*

NATURAL DISASTER READINESS

When it comes to natural disasters credit unions and other financial institutions play a critical role in helping communities with both preparedness and recovery. Make certain you as a servicer or your subservicer has a solid disaster playbook, and be sure your own is up-to-date. Remember to think creatively. Lean into your plan but be ready to pivot and address unforeseen needs. Be demonstrative in how you communicate with your members by reaching out before, during and after a disaster occurs. Expect the same from your subservicer. Provide resources to help, including how to get in touch with you and others, including government and relief agencies

.

MANAGING DEFAULT

As we move from a post-pandemic environment and into a recessionary one, credit unions will need servicing expertise to manage the loss mitigation process. Pandemic-related forbearance is ending for many, however, individuals may still need financial assistance. A servicer needs to understand the many diverse programs put in place by the government-sponsored enterprises to help members with workout efforts. That's why a subservicer can play a key role in your overall business plan for your mortgage business.

Additionally, subservicers should have a good pulse on the market and be prepared to handle upticks in delinquencies as the market evolves. As important is a subservicer's commitment to making sure that all available options to keep members in their homes are explored.

With all of these considerations, preparing for what's next may seem daunting, but with the right partner you can create a plan that best serves you and your members.

Lori J. Pinto is the Senior Vice President of Business Development at Cenlar. She has more than 35 years of experience in the mortgage banking industry.

Lori J. Pinto


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Managing in an Uncertain Future

Rate Volatility and the Observed Impact on Premium Pricing

By Richard Martin
Curinos

There is little doubt we are in a new normal for interest rates. After more than a decade of accommodative monetary policy actions by the Federal Reserve Bank, the policy path forward is clear and the fight against inflation remains paramount.

As a result of the shift in Fed policy, first mortgage rates have increased rapidly this year, to levels not seen in more than 20 years. In response the market has swung from predominately a refinance business to a purchase-dominated one. Alongside this dramatic rise

The loan manufacturing process is costly with fees assessed at different pipeline production touchpoints.

in rates and uncertainty around just how high rates will go, the lending market also faces supply constraints and key demographic shifts to drive overall demand as many millennials reach prime household formation years.

Amidst this uncertainty, firms like Curinos offer insight and actionable intelligence into comparative mortgage price positioning, as well as key performance drivers that ultimately allow lenders to anticipate today and navigate tomorrow. Preparation is key for any business to thrive in any market environment. Specific to this, some firms directly source, profile, and evaluate daily indicative rate sheets from multiple lenders, generally depositories and independents of varying production capacities distributed throughout the country, leading to some recent observations in the premium pricing practices of mortgage lenders.

The loan manufacturing process is costly with fees assessed at different pipeline production touchpoints, including appraisal, underwriting and/or loan closing, with those expenses typically passed through to and paid for by the borrower. Premium pricing, any note rate priced above parity due to the higher- than-market coupon, presents the borrower with the opportunity to offset loan production costs by committing to one of those higher-than-market note rates in exchange for a cash rebate from their lender.

The daily process of deriving a go-to-market price or net price, evaluating all credit risk attribute impacts, colloquially loan level price adjustments (LLPAs), for all partner lenders is a monumental undertaking that requires a tremendous amount of heavy lifting. However, in doing so mortgage partners can quickly and easily compare their price position to their competitor's. Often, teams of mortgage analysts, acting as stewards of this data, are able to identify trends in the pricing execution of a statistically significant representation of the capital markets pricing desks throughout the mortgage lending industry.

By controlling for many of the different pricing scenario attributes for the conforming 30-year fixed product, including region, loan size, credit score, and occupancy, we were able to compare recent net pricing from our own 300+ lender partners, across the note rate stack, to net pricing from 6 months and 12 months prior. Narrowing our focus to the rebate pricing options, we observed the following:

- the percentage of rebate pricing scenarios is half where the market was a year ago and,
- today's average rebate pricing is nearly 100 basis points less.

The velocity at which first mortgage interest rates rose this year was jarring and this level of volatility would have strained capital markets pricing desks trying to establish optimal execution in a market that saw rates run up over 50 basis points in a single week. In setting prices where the market was, traders may have inadvertently overlooked pricing rates at the top of the note rate stack.

In setting prices where the market was, traders may have inadvertently overlooked pricing rates at the top of the note rate stack.

Additionally, taking into consideration the Fed's recent policy path, an unwavering determination to tamp down inflation at all costs, leading many to speculate on a forthcoming recession, there exists a palpable prepayment risk to the end investor. Whether first mortgage interest rates pull back because of an economic downturn in the form of a Fed-induced recession or a correction from rates rising too quickly and overshooting a true market levels, there exists a deep-rooted prepayment concern. Borrowers would be keen on refinancing, in short order, out of their higher interest rate obligation given a modest rally in rates. The result would be costly to the secondary market purchasers of those premium-priced assets.

From the borrower's perspective as affordability diminished, higher rates combined with home values at or near record highs, principal and interest payment shock coupled with debt-to-income qualifying ratios edging higher, there were limited scenarios where premium pricing would have been an attractive or viable option. Taken in concert with a borrowing community that had grown accustomed to several years of rates in the 2s and 3s, paying for a lower rate was that much more palatable.

Whether one or more of these factors led to the recent, observed dislocation in premium pricing, the catalyst is attributable to this year's unparalleled rate volatility. When the rate volatility of this year subsides and first mortgage rate activity normalizes, rebate pricing will see a return to prior levels. The next question traders may have to answer is, how will rates price in a deflationary environment?

When the rate volatility of this year subsides and first mortgage rate activity normalizes, rebate pricing will see a return to prior levels.

Richard Martin is Director of Real Estate & Consumer Lending for Curinos. Prior to Curinos, Rich held various senior roles in both capital markets and margin management functions within both depository institutions as well as regional and national independent mortgage companies.

Richard Martin

THE POWER IS IN US ALL

Highlights from the 2022 ACUMA Annual Conference

By Michael Muckian

The energy was palpable to participants the moment they entered the conference floor at The Cosmopolitan, a Las Vegas luxury resort and, from Sept. 18-21, home to ACUMA's 2022 Annual Conference.

Entitled "The Power Is In You," the event brought credit union mortgage lending veterans and rookies alike to mix with peers and vendors, some of whom they knew and others they had never before met. Friendships were renewed and new acquaintances formed. Ideas were discussed and expertise shared. No matter who they were or what they did, participants walked away from four days on the Las Vegas strip emboldened with new strategies for success.

"The purpose of any credit union conference is to provide education and networking opportunities," said Peter Benjamin, CMB, president of ACUMA. "I've been to many conferences as a participant, but I have never experienced one as energizing and enriching as this one."

At almost 600 attendees, the 2022 event was the largest in ACUMA's 26-year history, and it was clear from the content, that it also was one of the best.

SESSION HIGHLIGHTS

Exceptional Educational Opportunities

From creating diversity service strategies, to understanding the fluctuating economy and its impact on housing, to evolving the mortgage loan process into e-everything, general sessions and breakouts ran the gamut, mixing data and knowledge with laughter and the occasional tears. We learn best when we become involved, and this year's speakers and panelists did their best to involve everyone in the process.

Peter Benjamin, Sonja Nelson and Tim McCallum

Elliot Eisenberg

Affordable housing is a major issue, and the lack of true diversity and inclusion in the homebuying ecosystem only exacerbates that situation, according to panelists Sonja Nelson, VP with the Columbus (Ohio) Metropolitan Housing Authority, and Tim McCallum, an SVP at Fannie Mae. The pair took on the issue in "Affordable Housing: Charting a Path Forward", in a Fireside Chat moderated by ACUMA's Peter Benjamin.

Establishing an understanding of and readiness for diversity is the first step in successfully serving various groups, Nelson said. "It's not just race; diversity also covers different religions and those who identify as 'they,'" she said. "You're bringing into question how someone was raised. That is a huge shift, and you should provide supports to make employees ready for that. The employees who get it should stay, and the ones who don't should leave."

McCallum agreed. "The ecosystem is massive, so think about diversity as you hire suppliers," he says. "You have to consider all the guidelines, policies, programs and products in place. It's a basis of your credit union's mission, but sometimes something happens in the marketplace that distracts you from the work. This is a good time to reset and move forward."

The economy isn't what it used to be, but its current volatility isn't necessarily something to fear, according to economist/humorist Elliot Eisenberg, PhD, founder of GraphsandLaughs LLC, during his general session presentation "The Economy in 2022: The Great Slowdown."

"The economy is okay," Eisenberg said. "We're not in a recession…yet. Housing consumption is weakening, corporate investments are weakening, and government spending is crashing like a rock because COVID has slowed down. Unfortunately, this is not a great story."

The real problem now is inflation, Eisenberg said. Core inflation has risen and is coming down at a much slower rate, which will hobble our recovery from recession, and that's going to impact mortgage lenders' businesses.

"Housing is all about inventory, the intersection of supply and demand," he said. "To see housing prices go up this fast is amazing because it's such an expensive commodity."

But housing Inventory also is rising and will likely slow the rise in housing costs in the future, he explained. However, don't count on the Federal Reserve Bank to be an accurate barometer of the coming economic climate.

"The Fed never gets it right, and they never understand when to do what," Eisenberg added. "They get it right 34% of the time for some things, as low as 17% for other things. The best thing they can do is to say nothing."

Bob Pathman, Jay Arneja and Kathy Weber

Workshop attendees meet with Blaine Rada

Automation of the mortgage lending process continues to grow, and one of the most efficient and effective adaptations are e-closings, according to a panel of credit union and industry experts in the session entitled "Things to Consider When Implementing E-closings." Given that the average age of the first-time homebuyer is 33, the opportunity to close on a sale and loan remotely is not only appreciated, but expected, they said.

"Automate everything that's automateable," said Kathy Weber, VP of residential lending at Delta Community Credit Union in Atlanta, Georgia. "Be as E as you can be."

Joined by Jay Arneja, Group and Growth Produce Manager for SimpleNexus, and Bob Pathman, sales manager for ICE Mortgage Technology, Weber and her colleagues noted that offering digital services is no longer a competitive advantage, but the new reality in the mortgage lending business. E-closings, for example, can generate 99 minutes of time-savings per loan and up to a 7-day reduction in processing and bundling cycles.

"Make sure you are engaging your loan officers in the process because they are your most important member interface," Pathman advised.

Arneja agreed: "Loan officers wants to look good, save time and make money. This is how they do that."

One of the most powerful themes throughout the conference sessions focused cultivating growth and intention both as individuals and professionals. Few spoke more effectively on this topic than financial consultant Blaine Rada, who took a month out of his life and career to hike the Camino de Santiago, a 500-mile pilgrimage across the top of Spain west to the Atlantic Ocean. He recounted the experience and what he learned in "Transform Your Life and Work: A Journey to Becoming Better."

"'Intention' is the most important word you will hear today," Rada told participants in his workshop, which kicked off the conference. "Our intentions and the intentions other people have for us are important. You don't have to be the same person after today, except by choice."

Rada likened his pilgrimage to the challenges participants face every day, both on and off the job. Asking for help when it's needed it is not a sign of weakness, he said, but one of strength.

"Adversity is the teacher," he explained. "The effect you have on others is the most valuable currency you can possess. Plans are nothing, planning is everything. Action leads to clarity, enabling you to accept and adapt."

Rada's personal experience and its resulting epiphany was nothing that he expected, but more than he ever could hoped.

"The Taoist philosopher Lao Tzu said, 'When I let go of what I am, I become what I might be,'" he added. "This week I want to wish all of you a *buen camino* — a good journey."

Conference coverage continues on page 44 →

ACUMA
MAKE YOUR MARK
2023 ANNUAL CONFERENCE
OCTOBER 1-4 • NATIONAL HARBOR, MD

Mark Your Calendar

Make your plans now to attend the 27th ACUMA Annual Conference, scheduled for Oct. 1-4 at the Gaylord National Resort & Convention Center in National Harbor, Maryland. Located on the shores of the Potomac River and downstream from Washington, D.C., next year's event will be a center of it all, and one you won't want to miss.

ATTENDEE REACTIONS

THUMB'S UP FROM PARTICIPANTS

Excellent educational sessions are just one component of a successful conference. Active attendees who engage and share their own ideas increase the value proposal of any credit union event, and help the learning live on once they return to their credit unions.

Justin Hawkins, ACUMA's Director of Marketing and Communication, and Camryn Hinton, the organization's Associate Director of Member Relations, took to the Cosmopolitan's hallways and meeting rooms with video camera in hand to measure the impact the conference was having. Their questions were simple: why did you come to the conference this year and what has blown you away since you arrived. Here are some of the replies they received.

Lian Feurtado, left, with ACUMA's Camryn Hinton

"This is my first ACUMA conference," said **Lian Feurtado, Mortgage Operations Manager for Rivermark Community Credit Union, Beaverton, Oregon.** "I went to the (ACUMA workshop) held in Portland, Oregon. I got so much good information and so many good contacts that I decided this conference was a must. The affordable housing session that we had at the end of the first day was amazing. The discussion and the questions and answers were excellent."

Andrew Woodman

"I like the ability to network, to see new technology, to meet the vendors see what's coming down the pipe," said **Andrew Woodman, VP of Mortgage Lending for Georgia United Credit Union, Duluth.** "This is one of the best events of every year and I look forward to coming to it. I always have great takeaways, and appreciate meeting new people and finding new resources to call upon."

Eric Weekley

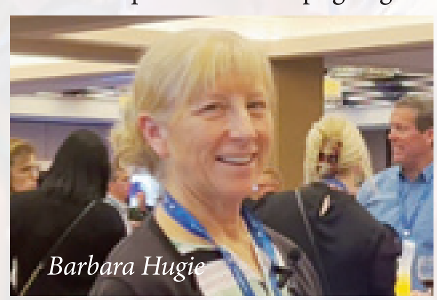
"I've been here 6 times now and each year I learn something new, which I take back to my group," said **Eric Weekley, VP Mortgage Lending for Tennessee Valley Federal Credit Union in Chattanooga.** "We're in a big technology push right now and I really enjoyed the breakout sessions about technology and how to prepare for it. The knowledge laid out a really good roadmap for us."

Janice Sheppard

"It's the quality of the people here that blew me away," said **Janice Sheppard, SVP Real Estate Services for DATCU Credit Union in Dallas, Texas.** "They're friendly, they're engaging, they are credit union advocates, and that combination is just win-win."

Larry Jackson

"There is a wealth of knowledge in the group and some of the people have been around a long time," said **Larry Jackson, Managing Director for Define Mortgage Solutions in Phoenix, Arizona.** "It's great to be able to get together with people who are like-minded, to share ideas and help each other grow. This is my 17th year, and I just enjoy being able to see folks and keep the relationships going."



Barbara Hugie

"I love getting to know people and talking mortgages in the credit union space," said **Barbara Hugie, VP Mortgage Operations for SESLOC Federal Credit Union in Santa Maria, California.** "I try to come whenever I can and I am very glad to be back."

Michael Muckian is the editor of Pipeline.

TAKING AIM
TARGETING NEW MARKET DEMANDS

Positioned to Win

Stepping Stones to Mortgage Lead Conversion Success

By Patrick O'Brien
LenderLogix

Nothing is worse than finding out that a credit union member has chosen to finance with someone else after you've invested time and money into their homebuying journey.

Whether a realtor steered them in a different direction, their neighbor recommended a different lender, or a cheaper interest rate won them over, it's a common issue credit unions face and it directly impacts pull-through rates. So what are successful lenders doing to win the mortgage lead conversion game? They're adopting technology and strategies that keep members engaged in their mortgage ecosystem.

A CHANGE IN APPROACH

Any lender can tell you how many applications he or she did this year. When gauging success, the mortgage industry has historically operated with that core metric in mind. Unfortunately, many cannot tell you how many leads they interacted with, how many of those turned into pre-approvals, or how well their pre-approvals converted to applications. But why?

These top- and middle-of-the-funnel metrics have an outsized impact on whether those leads make it to closing. Buyer data tells us that interactions at every stage of the funnel drive conversions. Additionally, having a better understanding of these conversions at each level of the sales funnel helps highlight areas of improvement. You can't fix a leak without knowing there is one.

INCREASING YOUR NUMBER OF LEADS

Leads have not been in short supply over the last few years. Unfortunately, many lenders became accustomed to drinking from the firehose and got too comfortable hanging out at the bottom of their sales funnel. Now strategy matters more than ever. Here are a few ways you can increase your flow of leads:

> *Members who are confused about their financing do not win bids. Confident members win bids.*

- **Build new (or stronger) realtor relationships.** Easier said than done, I know. But a great way to hook and sink referrals is to provide the realtors in your market with true value. That could be educational content that makes them feel more comfortable talking numbers with members or technology that gives them immediate answers and on-demand pre-qualification and pre-approval letters.
- **Homebuyer education seminars.** This sounds like a pretty traditional strategy, but there are many modern ways to execute it. Take the questions your members already ask you or the pain points you most commonly hear and provide proactive advice.
- **Audit your online loan application and lead capture landing pages.** Are they inviting and simple to navigate? Are you forcing them to create an account when they don't even know you yet? Are you offering them resources and materials to engage them if they're not ready to apply? Take a look at the journey they have to take before you even capture their information.
- **Use social media as a selling tool.** Ditch the cookie-cutter "Now's a great time to buy a house!" post. Instead, record a 2-minute video showing an actual listed house and what payment would look like with a temporary buydown.

BUILDING TRUST TO DRIVE PRE-APPROVALS

There are quite a few reasons a lead may not turn into a pre-approval. Each member's journey will be unique, and the most successful lenders know how to build trust early in their interactions. Here are a few ways you can pre-approve more members:

- **Have a strong credit repair strategy.** Whether you work with an agency or utilize online platforms, you should be able to steer members toward a better score and higher chances of qualification.
- **Be a product knowledge expert.** If one program doesn't work for them, you should be able to explore others that will. Demonstrating your knowledge will establish you as a trustworthy re source.
- **Define your CRM workflows.** Create strong follow-up and outreach strategies for borrowers at each stage of their journey. Customize your touch points with insight hyper-specific to their financial position when you can.
- **Maintain a strong online presence and remember that reviews matter.** Make sure sourcing them post-closing is a non-negotiable part of your general process.
- **Audit your document uploading process.** Make sure it's easy for members to submit what you need. This is a great way to get them invested early.

CREATING CONFIDENCE TO BOOST APPLICATIONS

Members who are confused about their financing do not win bids. Confident members win bids. Here are a few ways you optimize this part of your sales strategy to convert more pre-approvals into applications:

- **Ensure payment and closing cost clarity.** This one is self-explanatory. What's their payment going to be? How much cash to close do they need? How will those numbers change from home to home?
- **Provide members with a custom-tailored mortgage calculator.** If you don't provide them with a hyper-accurate way to crunch numbers, they're going to search "mortgage calculator" online and likely get sold as a lead to your competitors. When you can keep a buyer in your ecosystem and answer those questions using technology you provide in-house, it changes the game and you'll see an immediate increase in conversions.
- **Present clear option comparisons.** This sounds like a no-brainer, but it's way too easy to over-complicate this strategy. Keep it simple - I cannot emphasize this enough. Put the FHA next to the Conventional and list the interest rates, the payment, and the closing costs. That's it. They don't need to know every line item that varies.

FROM APPLICATION TO CLEAR TO CLOSE

Today, most lenders measure the pull-through rate. This is the one stage of the funnel that lenders can influence the least, but the opportunity is still there. Here are a few ways you can move the needle at the bottom of the funnel:

> *Stay transparent from beginning to end. Members don't want surprises.*

- **Automate your collection of upfront fees and request them the moment you have intent to proceed.** A member that has invested $500 with you is significantly less likely to walk away. Automating this process reduces operational labor, accelerates payment completion, allows for the next-day transfer of funds, and provides members with the high-touch, user-friendly digital experience they expect because they can pay right from their mobile devices.
- **Stay transparent from beginning to end.** Members don't want surprises.
- **Audit your appraisal management process.** How are you keeping members informed at this phase? How are you moving things along in-

ternally? How are you communicating bad news if a house is under-appraised? What technical solutions, if any, do you have in place? Are you updating members via SMS? Keeping members engaged keeps them sticky regardless of what hold-ups may occur.

- **Fine-tune your problem-resolution approach.** This goes hand in hand with product knowledge. A seasoned lender knows what to do when something goes wrong. *"Can I flip this borrower to another product? Can we go into single-premium mortgage insurance and lower that debt ratio to get it through AU? Can I massage the loan terms enough to get it approved?"* Knowing how to navigate out of murky waters gracefully can make or break any deal.

POSITIONED TO WIN

Winning the lead conversion game requires continuous auditing and optimization. Break down your approach like we listed above, identify low conversions (leaks), and deploy the most accessible but impactful strategies first.

> Incremental changes can yield game-changing results

Going into 2023, the most effective stage to focus on will be your pre-approval to application conversions. Why? Because it's going to be a lot easier to convert members already in your qualified pipeline than to source new leads altogether.

In closing, here's a hypothetical scenario I'll leave you to consider:

Let's assume a loan officer takes in 150 leads per year, 60% of those convert to pre-approvals, 50% of those pre-approvals convert to applications, and 90% of those applications close. With an average loan amount of $225,000, that's roughly $9.2 million in annual volume.

What if that pre-approval to application conversion rate increased from 50% to 60%? That would result in $11 million in annual volume. Same number of leads, 20% increase in volume.

Incremental changes can yield gai changing results.

Patrick O'Brien

Patrick O'Brien started his career as a loan officer and spent 15 years in mortgage banking before founding LenderLogix in 2016. Drawing on Patrick's origination experiences, the LenderLogix team has designed best-in-class software centered around superior experiences for loan officers, borrowers, and realtors.

TAKING AIM
TARGETING NEW MARKET DEMANDS

An Opportunity During the Downturn

Expanding Credit Unions' Natural Purchase Market Advantage

By Jim Paolino
Lodestar Software Solutions

While the traditional credit union mortgage lender's natural priority on member service provides an edge in a purchase market, there's still more that can be done to enhance member experience.

The good news for credit unions dependent on mortgage lending is that 2023 will be a year driven by the purchase market. Fannie Mae's revised origination volume forecast calls for $1.34 trillion in purchase mortgages this year. Additionally, competition for that business is expected to be fierce. But while commercial banks and non-bank mortgage lenders are only now shifting their service focus to winning purchase business, many credit unions hold the advantage of always having their member service experience at the forefront of their priorities — even when refinance volumes tend to make service an afterthought for the largest of lenders. Thus, it would seem credit unions have an inherent edge in the client service arena at a time when interest rates will likely not be the best of sales approaches.

However, credit unions cannot afford to become lax in the presumption that their built-in competitive advantage will hold. If anything, the Achilles' Heel of some credit unions, especially smaller lenders, is a lack of budget or strategy for automation. In years past, that trait was shared with commercial banks and non-bank mortgage lenders. But the past three or four years have revealed a trend toward streamlining and automation among credit unions' larger cousins. Pressed by thinning margins, technology implementations have soared in the mortgage lending sector as a whole. In fact, while overall spending cuts were the rule of the day for many lenders at the end of 2022, quite a few continued on with their selective technology purchases and implementations.

NON-BANK LENDERS AND COMMERCIAL BANKS ARE AUTOMATING…TO AN EXTENT

The most prescient of lenders, in fact, aren't simply going digital with POS or LOS platforms. Mindful of the fact that borrowers tend to consider things like days-to-closing (still hovering around 50 days) and ease of closing experience in addition to payments and interest rates when evaluating their overall mortgage experience, more than a few mortgage lenders have been diligently seeking to "automate anything that's automatable."

That said, there's still a long way to go for non-bank and commercial lenders when it comes to digitalization of the mortgage process. If anything, the priority has tended toward the origination, point of sale and application process, known as "consumer-facing" technologies. A Fannie Mae Lender Sentiment Survey focused on mortgage lenders' views and priorities for automation offered some insight.

All told, 41% of the lenders' surveyed identified 'consumer-facing technology' as the most important business priority to maintain competitiveness. However, we have not yet seen the same importance placed on "back end" or "settlement" technology, even though the closing process in most markets is one of the most intense and consumer-involved phases of the transaction.

The fact is that many lenders that don't have the same commitment to the member experience simply tend to prioritize closing the sale over ensuring it's done with the borrower's comfort in mind. So while many mortgage lenders have come a long way in streamlining the application process through the underwriting process, it tends to be some time after approval that bolted-on technologies and manual processes start to bog down the consumer experience. This is especially true when it comes to communication (not only with the borrower, but with associated realtor, loan officers, appraisers and the like) in the late stages of the transaction, not to mention the delay to closing, both of which historically sit at the top of the list of borrower frustrations with the process.

> The good news for credit unions dependent on mortgage lending is that 2023 will be a year driven by the purchase market.

In spite of the prioritization of sales and origination-focused automation, it's clear that non-credit union mortgage lenders are leveraging technology at a far greater rate than before. Inevitably, those investments will spill into the back end of the transaction, benefitting the consumer experience. However, now is the opportunity for credit union mortgage lenders to widen their advantage when it comes to the member experience.

THE PATH FORWARD STARTS WITH A LOOK IN THE MIRROR

Increasing and improving any operation's usage of technology starts with a comprehensive assessment of the existing process or approach. As rudimentary as this might sound, it's a principle that's ignored far too often. It's also important that such a process be objective. Is the LOS being used now doing what it was supposed to do when it was first implemented? What are our biggest pain points in the life of the transaction, especially as they impact our members? If needed, an experienced, objective (well-vetted) third party consultant could be warranted.

Most credit unions are much more effective at assessing the needs of their membership than are their counterparts with commercial banks or non-banks. They tend not to make assumptions as to member needs and elicit far more frequent and effective feedback instead. That understanding of their clientele and target markets can be a real advantage in this stage of the process. But this is only one element of the streamlining process. Comprehending the needs of a credit union's members is not the same as understanding where the credit union might be able to improve in its own operation, which is equally as important. Here again, it's critical for decision-makers in the process to be as objective as possible in order to maximize ROI.

From there the objective should be established. How must the new investment assist our business process, in this case, the member experience, in order to be deemed successful? Determination of need is at the foundation of automating the member experience, but a failure to align that need with the best and most appropriate technology can lead to the same potential sunk costs.

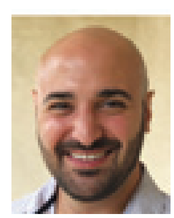
Then, and only then, is it time to carefully examine all options for addressing that business need. Mortgage technology is not inexpensive, although there are far more flexible options today with the rise of the use of tech stacks instead of focusing on one-size-fits-all, globally focused solutions. Regardless, multiple options should be reviewed and vetted. Third party consultants involved in the process who are unable to recommend multiple options should also be viewed with caution.

Far too often, we see lenders of all sizes fall in love with a demo or a shiny new technology. The remainder of the process, what process there is, tends to be chaotic and difficult to measure. Like any tool, technology needs to be chosen based on the business need and its effectiveness solving that need. A failure to take that step tends to lead to unused features, poor training or implementation, and, eventually, a failure from the employee end to embrace or effectively use that technology.

Finally, the time to establish clear metrics and a timeline is as early as possible, rather than after implementation. How will we know that a new automated solution will truly improve the borrower experience? Staff buy-in, replete with training and two-way communication, are also integral to ensuring a new technology will be successful. Unfortunately, there are too many examples of the best tool for the job, carefully selected and implemented properly, coming up short of the objective because the staff refuses to or is unable to make use of that tool properly.

AN OPPORTUNITY IN THE DOWNTURN

Thinking about making expenditures during a time of depressed origination volume is a challenge in and of itself. But there will be real opportunity in the mortgage market for lenders willing to adapt. The fact that virtually all of the volume seen in the next 12 to 18 months is likely to be purchase volume gives member-focused credit unions a distinct advantage. But the opportunity to widen the gap with non-credit union lenders using carefully implemented, CX-focused technology will only be fleeting as mortgage lenders of all sizes begin to scramble for revenue.



Jim Paolino

Jim Paolino, CEO & Co-Founder of Lodestar Software Solutions, has more than a decade of experience developing software solutions specifically for the mortgage and title insurance space. He can be reached at jpaolino@lssoftwaresolutions.com.

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 events, including resources shared through our website (www.acuma.org) and our magazine, the *Pipeline*.

Join ACUMA in wishing success to these new members:

ACUMA

ACUMA welcomes

Credit Unions

AMPLIFY CREDIT UNION

apple FEDERAL CREDIT UNION

Bay Federal CREDIT UNION *Making a real difference*

CASE CREDIT UNION

COMMONWEALTH CENTRAL CREDIT UNION

COMMUNITY WEST CREDIT UNION

generations federal credit union

Logix smarter banking

members choice credit union

metro Credit Union

NavyArmy COMMUNITY CREDIT UNION

Orlando Credit Union

picatinny federal credit union

PREMIER MEMBERS CREDIT UNION

REV FEDERAL CREDIT UNION

our newest members

Affiliates

SECU
State Employees' Credit Union

TEACHERS federal credit union

TruStar Federal Credit Union

United FEDERAL CREDIT UNION we get U

Velocity CREDIT UNION

wellby FINANCIAL

WeStreet CREDIT UNION

Arch

BROAD STREET

BLUESAGE SOLUTIONS

CONSTELLATION MORTGAGE SOLUTIONS

CANDOR

CRESCENT MORTGAGE

DartAppraisal

DocMagic

escrow tab

FreddieMac

firstclose

HOUSETABLE

LENDER LOGIX

MQMR MORTGAGE QUALITY Management & Research

MMI MOBILITY MARKET INTELLIGENCE

PERCY AI

QFS SALES SOLUTIONS

SERVISTAR CONSULTING

SPRUCE

TAKING AIM
TARGETING NEW MARKET DEMANDS

Building on Success

Construction Loans Add New Opportunity for CU Members

By Shannon Faries
Land Gorilla

The mortgage industry has experienced a wild ride the past few years with housing affordability at historic lows. The National Association of Realtors noted the sharpest year-over-year decline in housing affordability on record this past year, where rising home prices and mortgage rates have cut affordability by 29%.

Building new homes and developing residential lots is the only way out of the housing affordability crisis. This is an area being overlooked both inside and outside the credit union space with the possibility for much higher long-term growth — construction loans. It's a valuable opportunity for credit unions and CUSOs, but construction financing can also pose risks without the right resources in place.

NEW HOUSING ABOUT TO BOOM

Despite a global pandemic, new home construction starts have steadily grown year-over-year over the past decade. One of the main reasons is simple supply and demand. In fact, the U.S. is experiencing the biggest housing shortage since World War II, when the U.S. economy virtually stopped in support of the war effort. Research from the National Association of Realtors stated the U.S. is short 5.5 million single-family homes and it will take generations to close this gap.

Recently, a report from the First Reserve Bank of Kansas City suggests that a similar long-term home construction boom is on the way. According to a paper from Kansas City Fed senior economist Jordan Rappaport, "Hybrid Working, Commuting Time, and the Coming Long-Term Boom in Home Construction," the COVID pandemic resulted in a "shakeup of perceptions about commuting" that could lead new home construction to double in the

coming years. Areas where commutes are the longest are likely to see the biggest gains in new homes, Rappaport wrote.

There are other factors suggesting that demand for construction loans is already strong. For one thing, consumers usually plan out the financing and building of their homes over a long period of time, and thus are not as swayed by higher interest rates as the buyer of a resale home. They also have options when it comes to lowering costs, such as reducing the size of their home, opting out of certain home features, or opting for an ARM, which enables them to pay a lower monthly payment for the first several years of ownership.

> *Building new homes and developing residential lots is the only way out of the housing affordability crisis.*

For credit unions, the benefit is that construction-to-permanent loans generate net interest income, which enables credit unions to gain greater financial strength to meet a wider range of member needs. Credit unions also have a lower cost of funds, giving them a competitive advantage in this current rate environment.

Of course, marketing construction loans to members without the proper system of record, people and resources in place can be risky, especially when it comes to managing draw requests and lien control, getting quality inspections, and communicating with builders and members. These factors are what make construction lending unique—and often, more difficult — compared to most types of mortgages. But there are ways credit unions can pull off new construction loan programs with ease.

> *Research from the National Association of Realtors stated the U.S. is short 5.5 million single-family homes and it will take generations to close this gap.*

MAXIMIZING THE OPPORTUNITY

Thankfully, technology is available that can help credit unions overcome the risks of construction lending to better serve their members. For example, in order to meet growing demand from its members for construction financing, Portland, Oregon-based Pacific NW Federal Credit Union recently implemented software to essentially digitize the construction loan process. By doing so, they were able to eliminate the manual tasks that are typical with managing funding draws and reduce draw turn times, which ultimately created a better experience for both its members and builders.

Before using their new platform, Pacific NW Federal Credit Union managed funding draw requests through a multi-step process that involved multiple solutions, through which draw information was received in different formats depending on which builder they were working with. Budget information was literally entered manually into spreadsheets one line item at a time. With their new software serving as their "system of record", the credit union's team can now view all draws in the same format in one place, which creates a streamlined review process — and ultimately, faster draws.

"It's an efficiency factor for us — we don't have to go looking in folders in our shared drive when a draw is received," said Diane Calvin, the credit union's SVP/Chief Lending Officer. "It really streamlines the process and is much more convenient for everybody involved."

> *Technology is available that can help credit unions overcome the risks of construction lending to better serve their members.*

Pacific NW Federal Credit Union was also able to use the new software to order inspection services, perform remote inspections, and roll out a mobile and web application for builders to submit draw requests. Since then, it has reduced inspection turnaround times by 80% and reduced draw times by 83%, and they are now seeing more member referrals, too. But they aren't alone.

For many credit unions, the motivation to get new software for construction loans is driven by the risks associated with sending out draw funds without the proper tracking tools in place. Because these processes are traditionally done manually, it is often difficult to track how much money was sent or whether the funds were sent to the right party. Software is solving this problem as well as tying all the key players involved together, creating a seamless process for members, builders, and credit union teams.

At the end of the day, every credit union wants to meet as many of its members' financial needs as possible. With home construction already gaining strength and poised to accelerate in the years ahead due to the national housing shortage, having the right technology in place can create new opportunities for both a credit union's staff and its processes, and most importantly, its members.


Shannon Faries

Shannon Faries, Director of Strategic Relationships for Land Gorilla, oversees consulting and new product development for lenders looking to enter the construction lending space and provides best practices of loan program development and risk management. Throughout his career, starting as a loan officer, Shannon has focused on construction and renovation lending, including A&D loans, and builder financing.

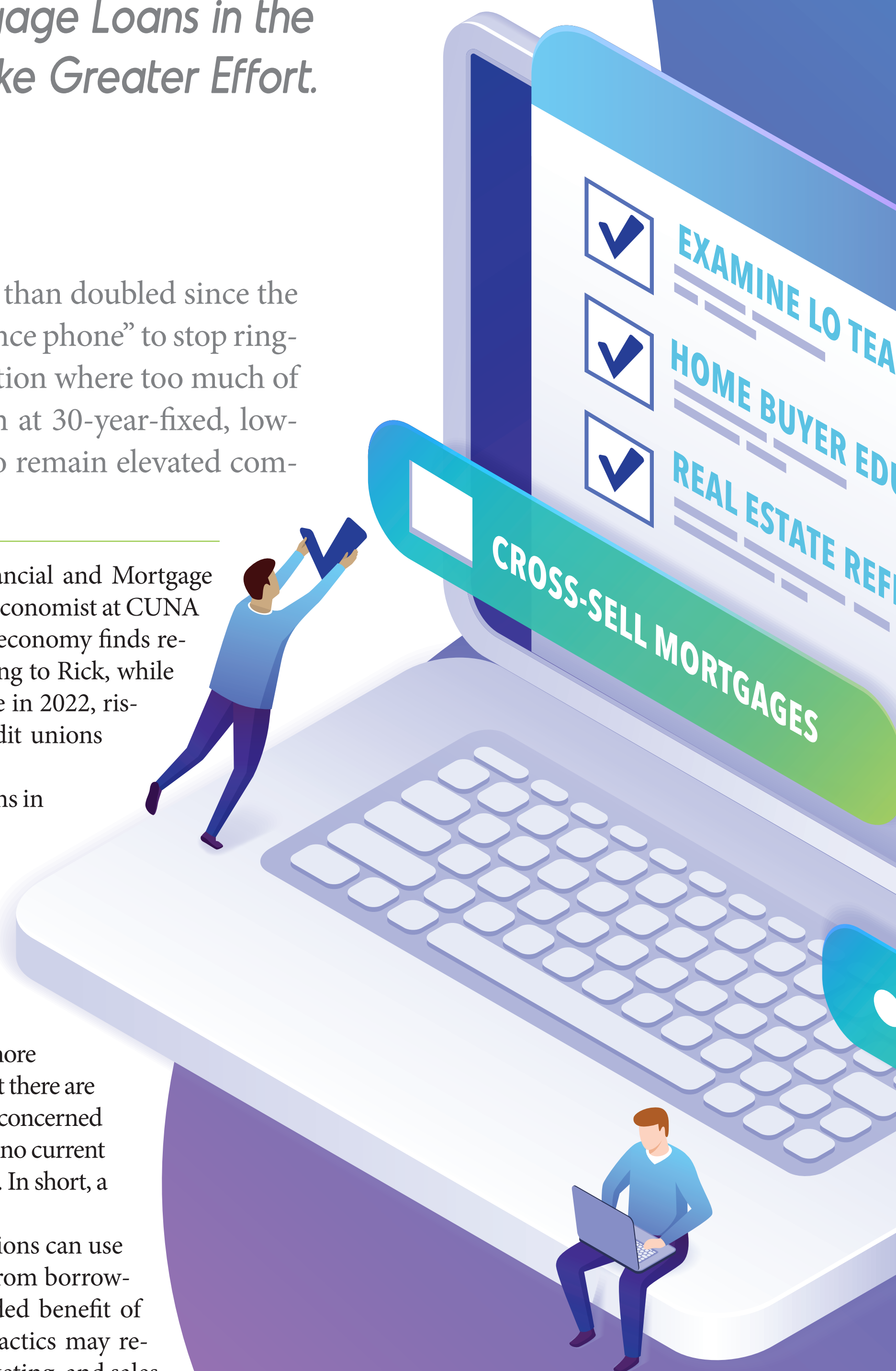
TAKING AIM
TARGETING NEW MARKET DEMANDS

Your Checklist for Success

Winning Your Members' Mortgage Loans in the 2023 Purchase Market will Take Greater Effort. Here's how.

By Chris Perry
MGIC

Mortgage interest rates have more than doubled since the start of 2022, causing the "refinance phone" to stop ringing. This has also created a situation where too much of credit unions' loan portfolios are locked in at 30-year-fixed, low-rate mortgages. 2023 rates are forecasted to remain elevated compared to the last few years.



In fact, during our latest economic webinar (Financial and Mortgage Trends, Nov 2022), MGIC's partner Steve Rick, chief economist at CUNA Mutual Group, noted that it may be 2024 before the economy finds rebalance with the labor market and inflation. According to Rick, while inflation helped increase the credit union growth rate in 2022, rising interest rates will weigh on loan growth for credit unions going forward.

Rick also foresees a 5% drop in mortgage originations in 2023, coming off a drop of around 40% in 2022.

Of course, that doesn't mean there won't be mortgage loans out there for credit unions to win. While refinances may not rebound in 2023, some of your members (and potential members) will still take out first mortgages to buy homes regardless of current interest rates.

But winning loans in a purchase money market is far more difficult than in a refinance market. In a refinance market there are no real estate agents, no moving vans, no new owners concerned about the purchase price and home condition. There are no current owners concerned about selling their home and moving. In short, a purchase market has many more moving parts.

There are many techniques and strategies credit unions can use to earn purchase business from their members and from borrowers outside of their membership, which has the added benefit of creating new members. However, leveraging these tactics may require credit unions to reorient their operational, marketing, and sales efforts.

HERE IS YOUR ACTION PLAN TO EARN PURCHASE BUSINESS IN 2023:

- **Examine your loan officer (LO) sales team and their management, activities, and compensation.** The non-credit-union loan officers they compete against are often paid 100 basis points (or 1%) to close a loan. This creates tremendous motivation to develop lead sources, market creative solutions, and close loans. To compete even if they can't match that level of compensation, credit unions may have to treat their LO staff differently and look for other ways to provide support.

- **Engage members in homebuying education.** First-time homebuyers often hold major misconceptions regarding credit, savings, and down payment, all of which provide an opportunity for credit unions to engage with prospective borrowers! Educate your members repeatedly and stay in touch with them to win their loans when they're ready to buy. Homebuying education topics can include credit use and repair, savings patterns, and debt management.

- **Focus on pre-approvals and pre-qualifications.** Invest in this work and set up a consistent follow-up methodology to win loans when your members are ready to sign a contract. Make sure your offerings are as detailed and committed as your competition. You are competing for these loans long before the contract is signed.

- **Commit to a real estate agent referral program.** Once you have pre-qualified/pre-approved your member, the best way to win their final loan is to refer them to an agent with whom you have a relationship. This will increase your closing percentage of the loans you have invested in by threefold.

- **Cross-sell mortgages.** As a credit union, you have ample amounts of data on your members, as well as their trust. There are many touchpoints you have with your member to "sell" your mortgage offerings. Your branch teller position is just one. Does your staff know what signs to look for, what basic questions to ask, what actions they can take to advance a conversation with the member to a loan officer? Are they compensated for taking the initiative?

- **Evaluate your portfolio product and program design.** *This is your number one differentiator.* Examine your membership's mortgage needs and design programs that will help them afford the homes they want. Craft products such as intermediate ARMs (5/1, 7/1, 5/5) that will help them achieve a lower, more affordable monthly payment, or allow them to put less money down to buy the home they love.

This list may seem daunting at first but following these action steps can help you continue to earn purchase business in the current market, which will likely last at least a couple of years. Now is a great time to begin the building process.

Chris Perry joined MGIC in 1999 and serves as the VP of sales for the DC, MD and VA marketplaces and as MGIC's national credit union manager. Chris leads MGIC's credit union strategy, in which he focuses on branding, product and client development, and partnerships and affiliations.

Chris Perry

TAKING AIM
TARGETING NEW MARKET DEMANDS

Cultivating Financial ‘Friendship’

Rethink Mortgage Lending Processes to Build Better Member Relationships

By Joe Puthur
Sales Boomerang and Mortgage Coach

Credit unions often offer the best mortgage rates, yet the typical credit union finances the homes of fewer than 6% of its members. Your membership deserves better.

To help more members attain their financial and homeownership goals, credit unions need to take a holistic approach to mortgage lending. After all, homeownership is the primary means through which most members build wealth.

The recent change in mortgage activity presents the perfect opportunity for credit unions to recalibrate their approach to home lending and elevate mortgage lending alongside other core services, such as checking and credit cards. Credit unions that take a slightly different approach to providing mortgage services — one that involves integrated communications, expert guidance and well-timed, relevant outreach — can establish themselves as full-service partners in the wealth-building journeys of all of their members.

> *Most people are intimidated by complex financial transactions and want to work with a trustworthy financial professional who can guide them through milestone decisions*

The benefits of a holistic approach to financial services are significant, yielding increased member homeownership levels and supporting stronger credit union financials. Here are three measures credit unions should take in a down mortgage market to grow member engagement in home financing services over the long term.

MARKET MORTGAGE LENDING ALONGSIDE CORE FINANCIAL SERVICES

Step one in cultivating greater mortgage engagement is to market home financing services prominently alongside other core financial offerings. This simple, yet frequently overlooked measure is inexpensive to execute and highly effective at raising awareness and driving interest.

When members join a credit union — typically to open a checking and savings account — an overview of mortgage services should be a standard part of the introductory dialogue. While new members may not be ready for home financing right away, they should be aware that as a not-for-profit institution, their credit union has their best interest in mind and is prepared to offer professional guidance, a variety of mortgage programs and competitive rates to help them achieve their homeownership and financial goals. Planting the seed early is important because it increases the likelihood that members will circle back about home financing when the time is right.

Furthermore, mortgage services should be advertised on all collateral. Adding signage to the teller area and graphics to ATM machines are all very simple measures that can drive interest. Even if mortgage services are not integrated within your banking app, it should feature messaging that invites members to inquire about rates, loan product offerings and homebuyer affordability programs. Similar messaging can even be inserted into mailed banking and credit card statements. Repeated exposure to these messaging breadcrumbs helps position your credit union as a one-stop shop for all its members' financial management needs.

DIFFERENTIATE YOURSELF AS TRUSTED MORTGAGE ADVISOR

Finance professionals sometimes take their knowledge of asset and debt management for granted. In truth, most people are intimidated by complex financial transactions and want to work with a trustworthy financial professional who can guide them through milestone decisions such as purchasing a home. By leading with mortgage education and providing expert advice tailored to members' unique financial and homeownership objectives, credit unions can provide a rare and highly valued service that builds loyalty and brand equity.

To earn a reputation as a trusted mortgage advisor, credit unions must ensure that members are supported by an empathetic, consultative lending professional. The mortgage team representing your brand must be knowledgeable enough to rise above the level of order taker and competently help members evaluate multiple loan scenarios to find a solution that best meets their unique financial circumstances and goals. To do this, credit unions must invest in ongoing mortgage advisor training and technology that enriches the advisory process by educating members about their mortgage options and helping them visualize the costs and benefits of a mortgage loan over time.

> *It must become standard operating procedure to help members understand the impact of their financial decisions immediately and for years to come.*

For instance, if a member requests a specific loan product, such as a cash-out refi, 20% down payment, or an FHA purchase loan, mortgage advisors should first learn more about what members are trying to accomplish financially before forging ahead. Most consumers are unaware that your credit union may offer unique programs that meet their specific financing needs such as down payment assistance, mortgage insurance, home equity products, debt consolidation, mortgages based on employment type and access to personal loans. Every additional option is a potential competitive advantage for credit unions.

A critical part of member education is making them aware of the best options available to them now, and importantly, what options may be available to them in the future. This not only prepares members for capitalizing on future opportunities; it also positions your organization to help them reach new financial milestones down the line.

Delivering a top-tier member experience that supports member utilization of multiple credit union services requires a cultural commitment from organizational leadership. It must become standard operating procedure to help members understand the impact of their financial decisions immediately and for years to come. Giving members transparency into their home financing options builds trust and helps them select the best mortgage strategy based on their evolving financial resources and goals.

Whether members seek to purchase their dream home, pay down debt, build wealth or accomplish any other number of financial goals, investing in training and technology that ensures your lending team is providing transparent, smart, personalized mortgage advice will promote member confidence in the home financing journey and raise credit union mortgage volume.

CONNECT WITH MEMBERS WHEN THE TIME IS RIGHT

Credit unions seek to provide members with affordable pathways to sustainable home ownership. Advanced borrower intelligence systems, which until a few years ago had only been used by big banks, are now accessible to credit unions that want to ensure that no borrower is left behind. While such a solution may sound too good to be true, recent technological advancements have made borrower intelligence one of the most cost-effective tools for proactively identifying and understanding every member's financial needs.

> *By reaching out to members at the right time, with the right loan, credit unions can earn their business before another lender does.*

Borrower intelligence platforms analyze member data against external data sources to alert lenders when members may be looking for a mortgage loan and prescribe what type of financing opportunity is likely the best fit. These systems are crucial for strengthening member relationships, driving mortgage engagement and helping credit unions grow homeownership within the communities they serve.

Credit unions that leverage borrower intelligence to monitor their database position themselves as the very first to know when a member's financial situation changes or when a member's actions signal interest in buying a home. Importantly, borrower intelligence can alert credit unions to promising opportunities that likely would have been overlooked — even opportunities that consumers may not be aware of, such as lower rates, equity accumulation and credit qualifications. This proactive insight can act as a launching point for conversations about affordable home ownership, renovations, investment properties, debt optimization, cash access and more.

Moreover, integrations with external data sources can inform credit unions of life events that are frequently associated with home financing, such as getting married, having children, changes in employment, military affiliation, credit improvement, equity growth and listing a house for sale. When these insights are viewed in combination with member activity at your organization, such as direct deposit status, you can unlock a new level of member engagement. By reaching out to members at the right time, with the right loan, credit unions can earn their business before another lender does.

One of the great aspects of mortgage lending is that it is not limited to a single transaction. Homeownership and financial needs change over time, positioning mortgage management as an excellent avenue for providing value to members over the long run. By continuously supporting members with wealth-building opportunities and financial education, credit unions can fulfill their objective of enriching members' lives as their needs evolve.


Joe Puthur

As Chief Lending Officer at Sales Boomerang and Mortgage Coach, Joe Puthur has led the development of technology that has enabled hundreds of mortgage lending institutions to meet the unique housing finance needs of millions of borrowers.

TAKING AIM
TARGETING NEW MARKET DEMANDS

Know Your Marketplace Dos and Don'ts

Setting Yourself Up for Success in 2023

By Jeff Vossen
TruHome Solutions

None of us know for sure what the future holds. Based on current market conditions, historic patterns, and expert analysis, we feel confident that the 2023 mortgage market may be more challenging than in recent years. But don't panic — prepare.

Simply understanding what's likely to happen, and why, is the first and most important thing you can do to begin planning for next year. Once you know what's on the horizon, you can make more informed decisions on how to operate in the near future. There are strategies you can implement in advance of even the most challenging years to help strengthen your organization and prepare for anticipated challenges and opportunities.

Historically, credit unions hold only about 7% to 8% of the total mortgage market share. Especially in a time of slow originations, like we're predicting for 2023, that low market share is a massive opportunity. Because high-interest rates are discouraging home buyers away from traditional mortgages, credit unions have the chance to build on their existing relationships with members to maintain and increase their current market share.

Here are some "dos" and "don'ts" we're recommending for our credit union partners as they plan their 2023 strategies:

- **DO continue to expand your product and offering set.** If you have room on your balance sheet, you have the opportunity to increase your market share significantly in this type of environment, by enhancing existing products (like adjustable-rate mortgages, or ARMs) rather than putting undue focus on traditional 20- to 30-year fixed-rate mortgages.
- **DO utilize your balance sheet to gain market share and sell commodities into a secondary market.** There's a real opportunity to create something that sets you apart in this market. Consider your advantages: Most independent mortgage companies don't have a balance sheet they can utilize to lend to consumers.
- **DO consider moving to a variable cost structure in reduced production.** You can do this by partnering with a credit union service organization (CUSO) so you're always appropriately staffed. This way, you'll always have the resources you need to handle an increased volume, but you'll avoid having to go through unnecessary uncertainty and staff layoffs in the case of a downturn.
- **DO utilize a data provider to help analyze your situation.** Utilizing a data provider can be a great way to locate marketing opportunities within your current memberships, and proactively generate prospective marketing leads.
- **DON'T tie up your balance sheet with loans that you can easily sell off into the secondary market.**

Despite slow originations predicted well into 2023, there's a lot of opportunity ahead. We're preparing a wide variety of actionable tactics for our credit union partners and look forward to seeing how they grow and maintain their current market share.


Jeff Vossen

Jeff Vossen is SVP of Mortgage Originations & Operations at TruHome Solutions. Jeff manages the direction of all mortgage origination and operational functions for TruHome, including originations, processing, underwriting, closing and mortgage solutions.

TAKING AIM
TARGETING NEW MARKET DEMANDS

THE ABCs of HELOCs

It's Time to Evaluate Your Readiness to Meet Borrowers' Home Equity Demands.

By Andria Lightfoot
SimpleNexus

Credit unions often offer the best mortgage rates, yet the typical credit union finances the homes of fewer than 6% of its members. Your membership deserves better.

Amidst a lull in mortgage activity, credit unions are dusting off HELOCs to meet the members' needs in today's market.

While high home prices and elevated interest rates have put a damper on purchase activity, demand for HELOCs is surging as homeowners look to put steep equity gains of recent years to work. The New York Fed Household Debit and Credit Report for Q3 2022 noted that HELOC balances have increased by $3 billion, and TransUnion reported that HELOC originations increased by 41% in Q2 2022.

The numbers are clear — consumers want HELOCs. This pivot spells opportunity for credit unions, who can use the slower pace of a down market to perfect HELOC lending service while building a scalable foundation for future products and services.

To develop and refine a top-tier HELOC financing experience that can be replicated across other mortgage offerings, credit unions should evaluate their tech stacks and processes for efficiency, scalability and member experience by asking themselves the following questions:

A. Can you bring new loan programs to market quickly?

Whether you are launching a HELOC product for the first time or have been originating HELOCs on an infrequent basis, you should develop a streamlined application and processing workflow that supports customer satisfaction and optimizes the loan production process.

Physical paperwork, process redundancies, confusing user interfaces and insufficient staff training are all hitches to rolling out a HELOC or new lending program. It is especially important to iron out process snags before marketing campaigns kick in, because an uptick in volume can turn a speed bump into a full-blown traffic jam.

As the past few years have revealed, market conditions can change rapidly and mortgage departments need tools that support a rapid pivot to new programs and priorities. A flexible tech stack goes a long way in capturing early market opportunities while meeting member expectations for speed and service.

If your point-of-sale solution is too limiting, it's time to explore alternatives. A down market represents a unique window in which your staff has more bandwidth for the evaluation and training that a new solution would require. Your credit union could approach a change in tech stack through the limited lens of your HELOC program, at least in the beginning, and apply process and technology gains to other programs quickly.

B. What is the impact on internal controls and processes?

While your lending team may be ready to take on new technology, such decisions should not be made in a vacuum. An improved HELOC experience should be more than taking your current process "online." Instead, you should reimagine a digital workflow that includes application data collection, milestone updates and intelligent task completion notifications.

You need to ensure that your credit union has the processes in place to support digital and remote lending, including electronic disclosures, electronic signatures and identity verification.

An internal legal or compliance team may want to review the digital workflows, including disclosure timing and documentation delivery, to customers. Some solutions can automatically build task lists for lending teams, but these should be reviewed to ensure they comply with all internal and regulatory requirements.

A new vendor should be a partner, providing both domain expertise and industry best practices. If you're looking to support your internal team further, you can also elicit consulting services, from the vendor or from a third party, to help install, test and train your workforce. This type of consulting, especially if provided by someone certified or trained in your chosen solution, can create a smoother delivery process.

C. Does your solution elevate the member experience?

While creating an efficient and scalable process for your credit union is certainly a high priority, your members' experience should carry equal weight. After all, the impression you leave will impact your ability to grow the relationship in the future.

While HELOCs are certainly far less complex than a purchase or a refinance, members may be less familiar with them. You'll still have several moving parts in the process, including underwriting, appraisal and closing.

The right digital solution can help you nurture member relationships. While online portals are convenient, people want "on-the-go" access. Mobile app usage is up 70% across all generations and 85% of consumers favor a mobile app over a mobile-friendly website.

Though email is still a common form of communication, it doesn't grab a person's attention in the same way. Mobile notifications and alerts can give your members real-time updates. With a higher level of communication and service, your members will feel well taken care of.

A mobile app has become a conduit for customer communication — your credit union is literally in the customer's back pocket, at all times. Look for white-labeled mobile app technology that can also provide flexible workflow configuration.

D. Can you support remote lending with integrations?

In the rush to automate and reduce costs, critical data and processing needs can often take a backseat. However, a lack of data integration can be a costly misstep. You risk errors when duplicate data entry is required and each loan will take longer to process with less integration.

Bi-directional data is both "pushed" and "pulled" between different platforms. These may include your core provider, your LOS, a data warehouse, document engines, and other repositories. Modern API technology means that credit unions no longer need to find an end-to-end solution since bi-directional connections can create a seamless experience on the back end.

For the member, this also improves ease of use. Single sign-on technology can pass a member from one platform (such as the core) to the mortgage lending application, without needing to sign-in to another system.

That frictionless experience should extend through closing so that members have the option for a remote closing. With eSigned documents and remote online notarization (RON), you can offer a HELOC experience where members aren't required set foot in a branch. Knowing this is an option, you can serve members who would otherwise be deterred by in-branch visits.

E. Prioritize change management to meet HELOC demand

Within your loan department, you likely have lenders or support staff that are eager for modern technology to compete in the marketplace. These individuals can become your change agents, driving a successful rollout.

If you can identify potential product cheerleaders early, include them in your vendor evaluation. They should identify pain points within the current solution and sit in on demos. Ask any potential vendors for references early in the process and let your change agents ask those references pointed questions about the product and implementation experience.

Even within a HELOC-specific rollout, you can use your change agents as a pilot program. They can firm up internal processes and make configuration changes before a company-wide rollout. Their excitement can spur others to embrace the new technology.

As the demand for HELOCs continues to rise, you need to act quickly to maximize this additional revenue stream. And to successfully compete in the market, your technology solution should support the delivery of outstanding home financing services.


Andria Lightfoot

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TAKING AIM
TARGETING NEW MARKET DEMANDS

Reaching Out to Rookie LOs

Hiring and Training Diverse Loan Officers — What Works

By Patricia Sherlock
QFS Sales Solutions

In today's market, the current average age of mortgage loan officers stretches from the late 40s to early 50s. While not a bad range, it's become clear that attracting a younger, more diverse generation to mortgage lending has been challenging at best.

One of the biggest contributing factors to the industry's near glacial pace of demographic change also is a simple one. Lenders are reluctant to financially support rookies who lack a book of business and must receive training to ramp up their sales results. As such, mortgage lenders have traditionally opted to hire experienced originators with a Rolodex of contacts.

In this article, I will share lessons learned in training rookie minority loan officers. Since 2004, I have been training both rookies and experienced loan officers on how to self-source business, a non-negotiable skill for sales professionals who want to succeed in mortgage banking. When rookies are hired and trained correctly, they will generate volume quickly and a select few will even become superstars within 12 to 18 months. Investing in rookies is a smart business decision.

SHIFTING DEMOGRAPHICS AND THE MORTGAGE WORKFORCE

Current mortgage industry demographics clearly show why lenders need to hire a more diverse workforce. According to Fannie Mae, mortgage industry employees are 73% white, 6% Black and 7% Hispanic. Overall, less than 13% of jobs in the housing workforce include Black and Hispanic representation.

Moreover, the U.S. population has become increasingly multicultural in the past decade. According to 2020 Census Data, the country's demographic makeup is 60.1% white, 18.5% Hispanic, 12.5% Black and 5.9% Asian. The white population is projected to drop to 55% by 2030. If lenders want to be relevant to more diverse homebuyers and generate loan volume and revenue, they will need to align their workforce to connect with diverse consumers.

A recent Federal Reserve Bank of Dallas trade article from June 2022 noted why hiring diverse sales professionals is critically important: "… underrepresentation of minority loan officers has adverse effects on minority borrowers' access to credit." Investing in a diverse sales force is no longer a noble goal but a business solution to increase loan volume in a rapidly changing marketplace.

> *If lenders want to be relevant to more diverse homebuyers and generate loan volume and revenue, they will need to align their workforce to connect with diverse consumers.*

AN UNTAPPED BUSINESS OPPORTUNITY FOR CREDIT UNIONS

In October 2021, Freddie Mac issued a report that revealed key insights on where lenders should be directing future prospecting efforts: "… future homeownership potential of diverse young adults aged 18 to 45 is estimated to be a lending opportunity of potentially 41 million borrowers who could qualify for a mortgage loan currently and another 13 million who are almost ready." This is a huge opportunity that credit unions and other lenders can tap if they can provide a diverse sales force that can source these potential borrowers.

This does not infer that white loan officers cannot market to minorities, but research has shown that originators from the same ethnic background as borrowers can make prospects feel more comfortable on their home loan journey by understanding their shared culture and values.

THREE KEYS TO DIVERSE HIRING & TRAINING SUCCESS

There are three parts to successfully hiring and training diverse rookie loan officers, or LOs:

1. Recruiting Diverse LO Candidates

The reality for rookies without a current book of business is that they identify and evaluate candidates differently than experienced loan officers. With veteran loan officers, lenders can pull analysis on their volume and type of business by using vendors who specialize in production data.

Recruiting diverse candidates necessitates being involved at the local level with non-profits and other local influencers. "These are groups that credit unions are involved with deeply", says Alissa Sykes Tulloch, EVP, Ameri CU in Albany, New York.

Churches and charities can also be especially helpful in identifying local potential mortgage stars. Former Armed Forces personnel are another good source of candidates for mortgage lenders. Joining and participating in local Facebook groups is another important recruiting vehicle for lenders. In my experience, it is not necessary to require a college degree for the loan officer position. Research by industrial psychologists has shown that having a college degree is not predictive of sales success in origination.

Evaluating candidates is also different and lenders need to use a validated pre-hire assessment for the loan officer position. As all managers know, just because candidates interview well is no guarantee that they have the sales skills to be successful producers. Using a DISC instrument during the selection process is not effective because it was not designed to be used for hiring but rather, as a communication tool for improving team building.

Origination is not a profession suited for everyone. A loan officer must have a combination of behavioral and personality traits that will drive business to their credit union. "A key responsibility of a loan officer is prospecting." states Elizabeth Million, SVP, Elevations CU, Boulder, Colorado. "At the heart of the loan officer's position, they are tasked to develop relationships with people they do not know."

There are 14 behaviors and personality traits that lead to above-average mortgage sales success. For more than 20 years, I have partnered with industrial psychologists to analyze the behaviors of top producers at large and small lenders, including credit unions. Here are the specific behaviors and personality traits we have identified that are critical for success in origination.

It should come as no surprise that an originator position is not just about building relationships, but also driving new business to a lender. Identifying candidates that have a combination of relationship-building skills and drive can be hard to assess during an interview. A validated pre-hire assessment provides an objective analysis that managers can use to filter candidates and make more informed hiring decisions. As with any pre-hire assessment, it is better to use this tool during the early stages of the interviewing process. Training those who do have the right combination of traits increases the likelihood that they will produce results quickly for a credit union.

2. Rookie Training Program Curriculum

A common belief in mortgage lending is that it takes years of experience before an originator can be successful and that these selling skills cannot be

PREDICTIVE TRAITS FOR LO POSITION

Accommodation	Cautious Thinking
Assertiveness	Objective Thinking
Competitiveness	Detail Interest
Criticism Tolerance	Follow Through
Optimism	Multi-tasking
Positive View of People	Preference for Structure
Sociability	Work Intensity

Source: Harver 2022

taught. This myth underlines why many lenders do not recruit rookie originators. In my experience in the sales trenches, if rookies are matched for origination, they can quickly learn how to succeed in today's selling environment, including our current difficult market.

But, to make training work for new employees, the program must include the right components. Lenders often train new hires on their computer systems, product mix, and compliance and regulations. While these are important topics, they do nothing to teach rookies how to stand out and sell in a competitive marketplace and develop realtor referral sources.

Investing in a diverse sales force is no longer a noble goal but a business solution to increase loan volume in a rapidly changing marketplace.

Today's consumers are inundated with sales pitches and loan officers are tasked with breaking through the deluge of content to gain a prospect's attention and trust. This is not easy and requires advanced selling skills and learning digital marketing techniques.

In our rookie training programs, we follow three guiding principles to ensure a high success rate:

- Training is current and tactical. Classes are fast-paced and are taught for a variety of student learning styles.
- Students and instructors are on webcam. Students' questions must be answered in real-time. Instructors are former commissioned salespeople knowledgeable in digital marketing. Instructors who can share real mortgage examples of what LOs face are more credible to students.
- Students are required to present, complete homework and pass quizzes and exams. Their performance in class is a strong indicator of their potential origination success.

When rookies are hired and trained correctly, they will generate volume quickly and a select few will even become superstars within 12 to 18 months.

By having highly interactive training, students are able to build confidence through practice and repetition. This approach drives rookies to better understand the real world of interacting with individuals and building rapport and trust. In my experience, students want tactical sales training programs. Training programs that don't deliver these elements is a primary reason why rookie originators fail to hit production goals.

During our training programs, students learn how to:

- Position and determine their niche
- Create a targeted list of referral resources
- Script their opening messaging
- Reach out to their targeted referral sources and set up a meeting during the program
- Review their results and metrics so they can measure what works and determine what needs to be changed
- Conduct effective one-on-one meetings with consumers and referral sources
- Present to groups from local realtor/broker meetings to lunch-and-learns
- Scale and use a one-to-many marketing strategy
- Understand different communication styles and how to influence prospects
  - Use "magic words" to move the prospect to the next part of the sales funnel
  - Ask for the business: What really works in a world where trust is scarce

During our program and even in a difficult mortgage environment, students generate pre-approvals, set up realtor meetings and even close loans. In fact, during a recent session, a $3 million loan was originated and closed!

3. Rookie Training, Coaching and Reinforcement

Even though most students have early success in expanding their referral sources and generating leads, development doesn't stop once the virtual classroom work is completed. Students are provided 30 days of small group coaching to assist them in further developing their sales techniques and provide feedback on their business development efforts. Continual reinforcement of the right selling habits is important to prepare an originator to handle the roller coaster of prospecting for borrowers and referral sources. The more often the right selling techniques are reinforced, the more successful rookie loan officers will become. This benefits the credit union and its members in multiple ways.

Training those who do have the right combination of traits increases the likelihood that they will produce results quickly for a credit union.

FINAL THOUGHTS

Rookies, whether they are minority or non-minority candidates, are worth the investment in time and money, and hiring them should be a priority if lenders want to serve the an increasingly multi-culture homebuying public.

Patricia Sherlock is President and Founder of QFS Sales Solutions, a sales training firm focused on ramping-up loan officers to generate self-sourced business. She authored "Reaching the Top of the Game: Best Practices of Top Mortgage Originators" for the Mortgage Bankers Association. Her weekly sales blog can be found at www.patsherlock.com.


Patricia Sherlock

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A Study in Regulatory Angst

The Necessity to Re-Balance Your Mortgage Portfolio in 2023

By Jerry Hubbard
FHN Financial Capital Assets Corp.

In the Summer 2022 edition of *Pipeline* magazine, we wrote about the NCUA's Letter to Credit Unions No. 22-CU-05 that added 'Sensitivity to Market Risk' and redefined 'Liquidity' in its newly named CAMELS regulatory framework, a change that took effect in April 2022. In September 2022, the NCUA published revised guidance and held a webinar to discuss the changes that had been implemented.

The Extreme Risk category was dropped (for the time being) allowing credit unions additional time to address interest rate risk issues. For credit unions at, or near, High Risk thresholds, the NCUA expects them to prepare and implement detailed plans to manage interest rate risk and have ready access to liquidity without undue losses. This article will discuss the reasons for the NCUA's actions and the importance of re-balancing your loan portfolio's risk profile to meet the regulator's expectations while ensuring a healthy and profitable balance sheet moving forward.

HOW WE GOT HERE

Several years of easy money, low interest rates and plentiful liquidity reduced concerns about interest rate risk in the mortgage portfolio for credit unions around the country. The need to grow earning assets during the pandemic led to concentrations of long-term, fixed-rate mortgages originated at record low rates that replaced higher coupon loans held on balance sheets that prepaid during the refinance boom. As the calendar turned to 2022 and the Federal Reserve began increasing the Fed Funds rate, markets reacted swiftly and interest rate risk became a leading concern for credit unions and their regulators. The effect is that mortgage portfolios that were previously low-to-moderate risk suddenly became high-to-extreme risk, causing considerable regulatory angst and the necessity to make some changes.

CREDIT UNIONS WITH EXPOSURE

As mentioned earlier, the NCUA's revisions to the original CAMELS guidance includes expectations for credit unions that are at, or near, the High Risk level to prepare a detailed plan to manage interest rate risk and have ready access to liquidity without undue losses. Which credit unions have the greatest exposure to interest rate risk, facing potential issues during their next exam? Credit unions whose mortgage loans represent > 20% of total assets with a heavy concentration of fixed rates with terms > 15 years are a good place to start; there are more than 1,100 credit unions that meet these criteria. The chart on the next page highlights the increase in long-term assets at credit unions over the past several years, one of the NCUA's primary concerns.

ALL U.S. CREDIT UNIONS NET LONG TERM ASSETS/ASSETS

If the Federal Reserve continues to raise rates, some credit unions currently in the Moderate Risk category could move towards High Risk. Regardless of your credit union's current status, the NCUA is very concerned about interest rate risk and very serious about credit unions preparing what is effectively a Risk Mitigation Plan.

The NCUA defines an effective interest rate risk program (NCUA Letter to Credit Unions 22-CU-09) as one that includes the following key risk management and control activities:

- Continuously measuring/identifying the overall level of interest rate risk exposure
- Being able to effectively communicate those results to management and regulators
- Having a plan in place and initiating that plan to remain within policy limits
- Having a plan in place to control the potential impact of market risk

These requirements can effectively be broken down into two broad categories:

1. Analysis and communication:
   a. Regular analysis of your mortgage portfolio
   b. Documenting results of analysis
   c. Providing regular updates to management and the Board

2. Develop and Implement Risk Mitigation Plan to:
   a. Improve mortgage portfolio yield
   b. Reduce interest rate risk
   c. Build assets that can be converted to cash "without undue losses"

CREATING AND IMPLEMENTING AN EFFECTIVE PLAN

The great majority of interest rate risk on the balance sheet tends to be contained in the mortgage portfolio because of the exposure to long-term, fixed-rate loans with record low coupons. The first step to create a workable Risk Mitigation Plan that addresses issues specific to your credit union is to do an assessment of the current state of the mortgage portfolio.

The level of interest rate risk in the mortgage portfolio is primarily driven by two factors: 1) percentage of the portfolio that is fixed rate, and 2) percentage of the fixed rates that have terms greater than 15 years with low coupons. The chart below is a simple breakout of the fixed rate mortgages into nine separate boxes based on the 1) term (short, medium, long), and 2) coupon (low, medium, high). Loans in the top right box are referred to as "long-lows". This is where just about all of the interest rate risk is imbedded in the portfolio. These "Long Lows" are the portion of the mortgage portfolio with the greatest amount of interest rate risk and this segment has grown considerably in the past few years for most credit unions.

TOTAL FIXED RATE CHANGE IN VALUE WITH RATES UP TO 100 BP BY SECTOR

BALANCE, NEW RETAINED VALUE, & CHANGE IN VALUE BY SECTOR

COUPON RANGE (%)		CALC. TERM TO MATURITY (MONTHS) "SHORT" BELOW 120	"MEDIUM" 120 - 180	"LONG" Over 180	TOTALS
	"LOW" BELOW 5.00%	26,356,360 3.09% 87.78%	64,213,008 3.00% 87.61%	**350,542,917 3.50% 81.36%**	441,112,285 3.40% 82.65%
	"MID" 5.00 - 6.00%	527,917 5.62% 96.18%	1,803,526 5.57% 95.49%	8,532,035 5.33% 92.61%	10,863,477 5.38% 93.26%
	"HIGH" Over 6.00%	453,845 6.84% 97.85%	602,033 6.33% 98.06%	792,337 6.33% 96.11%	1,848,215 6.46% 97.17%
	TOTALS	27,338,122 3.20% 88.11%	66,618,566 3.10% 87.92%	359,867,288 3.55% 81.66%	453,823,977 3.46% 82.96%

LONG LOWS BY COUPON BAND	
BELOW 4.00%	288,297,600 3.31% 80.03%
4.00 - 4.49%	36,671,954 4.17% 86.37%
4.50 - 4.99%	25,573,363 4.66% 89.10%

Source : FHN Financial Capital Assets Corp.

RE-BALANCING VIA ARM PURCHASES

Three of the key goals for the Risk Mitigation Plan are to improve the overall yield of the mortgage portfolio, reduce IRR, and build assets that can be converted to cash without undue losses. If not for the large losses today, the quickest way to do this is to sell a segment of Long-Low fixed rates highlighted above and redeploy the proceeds into shorter-term adjustable rate mortgages (ARMs). When mark-to-market losses are too great, another solution is to grow ARM loans via originations or flow purchases that have current coupons higher than the existing portfolio. Additionally, these loans have much less exposure to interest rate risk moving forward, and are thus more liquid and convertible to cash at levels much closer to PAR.

ARMs have been difficult for credit unions to originate, especially over the past couple of years when it seemed like the 30-year fixed rate was the only product of interest to borrowers. However, fixed rate coupons have gotten so high that ARMs have made a big comeback. There is also less demand for ARMs from capital markets investors, which opens a door that credit unions can take advantage of.

CASE STUDY — ARM GROWTH STRATEGY

Example Credit Union, Anytown USA, owns a $460.7 million mortgage portfolio with a 3.46% weighted-average coupon (WAC). About 95% of the portfolio is fixed rate and 80% of those have terms > 15 years. The portfolio's market value is 85% of PAR with less than 1% of the loans convertible to cash without an undue loss. IRR is clearly high causing Example Credit Union to face the possibility of a Document of Resolution (DOR) unless they can improve their yield, reduce risk and build liquidity.

Example Credit Union's 2023 budget calls for originating $4 million a month (one-third of 2022 monthly volume) in new loans comprised of 95% fixed-rate and 5% ARMS. Pro forma modeling determined that $4 million per month is roughly equal to this portfolio's runoff rate; therefore, their portfolio will experience no growth. As the chart below indicates, this modest amount of higher-rate new loans causes the overall yield of the portfolio to improve 36 bps in 12 months and 67 bps in 24 months. The percentage of fixed rates is roughly the same, therefore IRR has barely improved. The $4 million/month for 24 months in new, current market, loans creates over $90 million in assets that can be accessed without undue losses.

TWO KEY ASPECTS TO REFERRAL PARTNER RELATIONSHIP

YEAR	BALANCE	GROWTH%	WAC	FIXED RATE
0	460,715,464	0%	3.46%	99%
1	460,021,787	0%	3.82%	99%
2	457,852,516	-1%	4.13%	98%

Since $4 million/month in organic originations is about equal to portfolio runoff, any additional volume results in net loan growth. Two scenarios were considered including purchasing $5 million/month and $10 million/month in ARMs on top of the $4 million/month of organic production. The following illustrates the results.

ARM GROWTH

Year	Balance			WAC		
	Status Quo	+$5M/Mnth	+$10M/Mnth	Status Quo	+$5M/Mnth	+$10M/Mnth
0	460,715,464	460,715,464	460,715,464	3.46%	3.46%	3.46%
1	464,761,774	522,206,655	579,338,512	3.82%	4.11%	4.34%
2	457,852,516	566,551,239	673,814,736	4.13%	4.57%	4.87%

Year	Balance			% Fixed Rate		
	Status Quo	+$5M/Mnth	+$10M/Mnth	Status Quo	+$5M/Mnth	+$10M/Mnth
0	460,715,464	460,715,464	460,715,464	99%	99%	99%
1	464,746,227	522,206,655	579,338,512	99%	93%	91%
2	460,003,610	566,551,239	673,814,736	98%	88%	83%

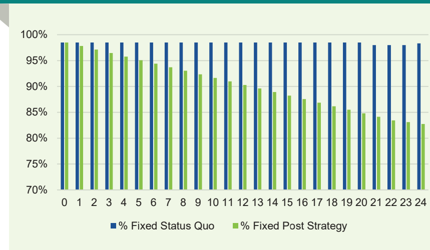
Year	Balance			% Par+ Liquidity		
	Status Quo	+$5M/Mnth	+$10M/Mnth	Status Quo	+$5M/Mnth	+$10M/Mnth
0	460,715,464	460,715,464	460,715,464	0%	0%	0%
1	464,746,227	522,206,655	579,338,512	11%	21%	29%
2	460,003,610	566,551,239	673,814,736	21%	36%	46%

Source : FHN Financial Capital Assets Corp.

Adding $5 million/month in ARMs to organic originations results in $9 million/month entering the portfolio. This modest amount of additional loans results in net loan growth, the yield improving 111 bps and fixed rates declining from 99% to 88%. More than $200 million of the resulting portfolio could be converted to cash without an undue loss.

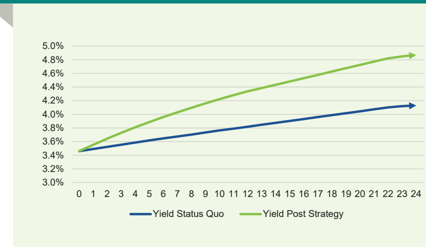
Adding $10 million/month in ARMs ($14million/month total) improves the yield 141 bps, fixed rates decline to 83% of total mortgages and more than $300 million of the resulting portfolio can be converted to cash without undue losses.

% FIXED RATE COMPARISON $10M/MNTH



Source : FHN Financial Capital Assets Corp.

WAC COMPARISON $10M/MNTH



Source : FHN Financial Capital Assets Corp.

This exercise demonstrates that to the extent you can find a way to fund net loan growth in this market, even to a modest degree. That can have a powerful positive impact on your portfolio.

Bottom line, the goal is to dilute the risk of the high concentration of fixed rate long-lows by changing the overall makeup and risk profile of the mortgage portfolio over a period of time. When funding is tight and a sale of long-low fixed rates is not possible, you can accomplish this by utilizing small amounts of available liquidity on a monthly basis rather than a large cash outlay such as a bulk purchase. If the market gives you the opportunity to sell some of the older, lower-rate loans, redeploying those funds in ARMs will accelerate the recovery of your portfolio. Focusing on ARMs while the market is presenting the opportunity to do so can help you achieve multiple goals of improving the interest rate risk profile of the mortgage portfolio while simultaneously increasing its yield.

> *For credit unions at, or near, high risk, a 'hope and pray' approach is not only risky, but would likely be frowned upon by the NCUA.*

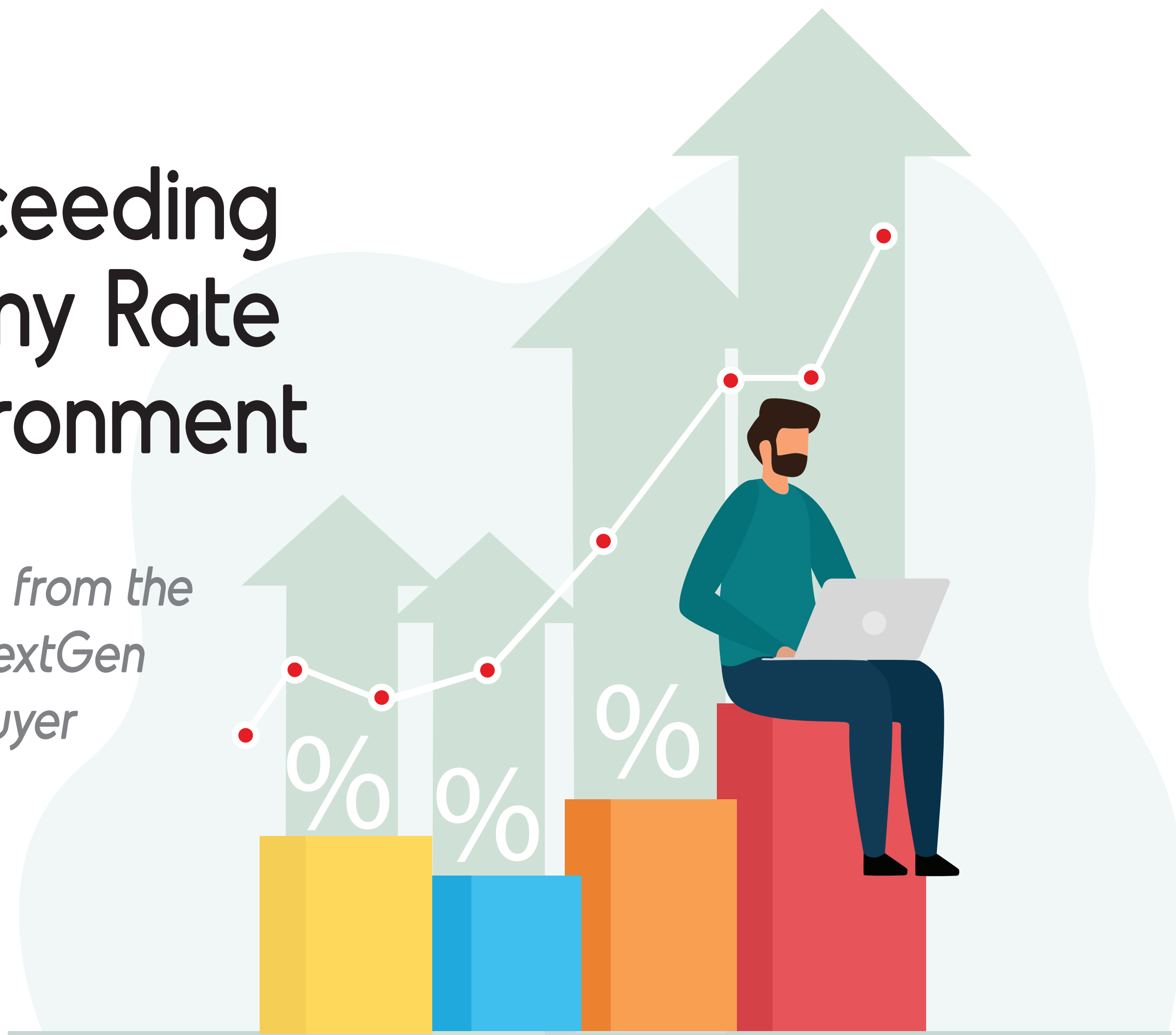
CONCLUSION

For those credit unions at, or near, high risk, a 'hope and pray' approach is not only risky, but would likely be frowned upon by the NCUA. The NCUA is likely to view a credit union more favorably that develops a Risk Mitigation Plan that includes fresh new analysis showing that they are not only well informed on the depth of IRR and Liquidity risk within their balance sheet, but are also actively researching a multitude of potential strategies to address it. To the extent you can fund a growth strategy, you can provide the NCUA a pro forma of your portfolio in the future to demonstrate you are improving yield, reducing IRR and creating liquidity without undue losses month by month. Consideration of different strategic options to cause incremental change in the makeup of the portfolio through mortgage sales and/or purchases of ARMs will help effectively communicate to regulators that your institution is focused on maintaining a healthy and profitable balance sheet.


Jerry Hubbard

Jerry Hubbard is President of FHN Financial Capital Assets Corp., the loan and servicing asset management and advisory services arm of FHN Financial. During his 30-year tenure as president, Jerry has overseen the full spectrum of services offered by the group's professional staff of CPA's, financial analysts, loan portfolio advisors and operations specialists.

Succeeding in Any Rate Environment



Findings from the 2022 NextGen Homebuyer Report

By Norm Fitzgerald
National MI

It's no secret that mortgage originators face a challenging market today. Many potential homebuyers are sitting on the fence, concerned about increasing rates and what direction they will be heading in the future. The dearth of available homes to sell isn't making things any easier.

But industry veterans know that the mortgage market is cyclical. To be successful, credit union mortgage originators need to not only enjoy the good times when rates are low, but weather the down cycles as well. Fortunately, there are tactics you can use to develop business during any cycle, even when interest rates are rising.

BE TRUSTWORTHY

Are you doing enough to inspire trust in potential homebuyers? Recent research shows that consumers are looking for experts to share their knowledge and help them make the best financial decision when buying a home—yet many aren't finding it.

The 2022 NextGen Homebuyer Report — researched and written by Kristin Messerli and sponsored by National

MI — surveyed 1,000 people between the ages of 18 and 44 in October 2022. The report found that only 56% of respondents said they have the financial advice and support they need to achieve their financial goals. And more than one in three NextGen consumers said they did not feel confident in their knowledge of personal finance.

However, many did not feel they were getting that knowledge from their loan officer. In fact, one in three respondents said they did not trust their loan officer to help them make smart decisions about their mortgage.

> *Recent research shows that consumers are looking for experts to share their knowledge and help them make the best financial decision when buying a home — yet many aren't finding it.*

To make sure your mortgage customers are well-informed, be sure that someone from your team is consistently in touch with them. Let them know immediately if you need more information from them and provide regular updates on the status of their loan and when they can expect to close. Also, find out how your customer prefers to communicate, whether by phone, email or texting, and then be sure to use the method that they prefer.

EDUCATE YOUR MEMBERS

According to the NextGen Homebuyer Report, 77% of NextGen homebuyers and homeowners believe they need to have a 20% down payment to purchase a home. You can help dispel this myth by making members aware of all the loan options available to them, from conventional loans that require 3% to 5% down, to FHA loans with a minimum 3.5% down, to VA and USDA loans, which often have no down payment.

You can educate members through webinars, seminars, informational brochures or e-brochures, and blogs or articles published in consumer publications or on social media. But don't forget the most effective way to build trust with your customers—simply taking the time to talk to them in person or on the phone to explain their loan options, how each one works, and what it will mean for them in the short and long terms.

> *More than one in three NextGen consumers said they did not feel confident in their knowledge of personal finance.*

FOCUS ON RELATIONSHIPS

While refinances are driven by interest rates, purchase loans usually center on customer and referral partner relationships. Now is a great time to work on cultivating and enhancing those relationships. The fact is, there are homebuyers looking to purchase in any market. People will always need a place to live and life events like a job change, a growing family or a divorce will still drive the need to find a new home.

The key is to reach homebuyers early in their search with the right messaging. Refocus the conversation away from rates to the value of homeownership and building long term wealth. Emphasize that homeowners can always refinance in the future if rates go down.

Don't forget your referral partners, either. Real estate agents, financial advisors and builders tend to work with mortgage professionals they're familiar with and like, and who they know will take good care of their clients by making the loan process as smooth as possible. If you've neglected those sources over the past couple of years, take the time to reach out to them with emails, phone calls, via social media, or even with a quick in-person visit.

TAP EMAIL AND SOCIAL MEDIA

Email and social media are two great, affordable ways to communicate with borrowers and referral partners, but they are rarely used wisely or consistently enough to make an impact.

With email, think outside the box and get creative. For example, rather than sending an email to real estate agents that's all about interest rates, send them something educational that they can easily share with their clients. Consider creating a video that grabs their attention — perhaps an explanation of how waiting to purchase a home may impact homebuyers, both in the short term and the long term.

When emailing borrowers and referral partners, consistency is key. Don't simply reach out one time and give up if you don't hear back. As long as you're sending fresh, informative and educational messages, your email campaigns can go a long way to instill trust in customers and referral sources.

> *While refinances are driven by interest rates, purchase loans usually center on customer and referral partner relationships.*

Social media can also be an effective, non-intrusive way to reach borrowers and referral sources and promote your brand to both. For example, real estate agents will be pleased to see you've shared one of their listings. Also consider publishing blogs on Facebook or other social media platforms that borrowers or agents will find helpful and informative. Provide helpful feedback or answers to questions posted on social media, too, or ask engaging questions that others will respond to.

However, be targeted in how you approach potential customers on social media. The NextGen Report found that older Millennials were significantly more likely to use Facebook, YouTube, Pinterest, and LinkedIn in comparison with Gen Z. The report also found that Latinx respondents were most active on Instagram, and Black respondents were more active than any other race or ethnicity on YouTube, Instagram, TikTok and Twitter.

MAKE BORROWERS AWARE OF ALL FINANCING OPTIONS

While a fixed-rate 30-year mortgage works well for borrowers with good credit when interest rates are low, today another option might make sense for some homebuyers. Use social media, blogs, advertising and other marketing to make potential homebuyers aware that there are ways to keep their monthly mortgage payments manageable, even in a higher interest rate environment.

Two options that weren't widely used in the past few years when rates were at record lows are adjustable-rate mortgages (ARMs) and rate buydowns. Both are now coming back. In fact, ARMs made up 9% of mortgage applications in late November 2022, up from 3% a year previously, according to the Mortgage Bankers Association Weekly Mortgage Applications Survey.

> Refocus the conversation away from rates to the value of homeownership and building long term wealth.

For homebuyers who may be moving in five to seven years, an ARM could be a way to keep monthly payments affordable until then. Or, if a homebuyer knows their income will increase in the next few years, an ARM can give them more purchasing power. Still, it's important to make sure that borrowers fully understand how an ARM works and what the potential scenarios are for their monthly payments.

A rate buydown is another alternative for some homebuyers. Buydowns can be permanent or temporary and may be offered by the home seller, a builder, a real estate agent or lender. A homebuyer can also opt to buy down the rate themselves.

A 3-2-1 buydown means that the borrower's rate drops by 3 percentage points in the first year of the mortgage, 2 percentage points in the second year and 1 point in the third year. In the fourth year, the interest rate reverts to the initial note rate. With temporary buydowns, the borrower must still qualify at the full rate on the mortgage note.

> ARMs made up 9% of mortgage applications in late November 2022, up from 3% a year previously.

While all of this advice may seem like common sense, many originators aren't doing all they can to win over borrowers and referral sources. But that's good news, too, since the strategies outlined above will set you apart from the pack as long as you execute them. As the Irish proverb goes, "you'll never plough a field by turning it over in your mind."


Norm Fitzgerald

Norm Fitzgerald is executive vice president and chief sales officer of National Mortgage Insurance Corporation (National MI), a subsidiary of NMI Holdings, Inc., a U.S.-based, private mortgage insurance company. To learn more, please visit www.nationalmi.com.

HONORS, AWARDS AND RECOGNITIONS

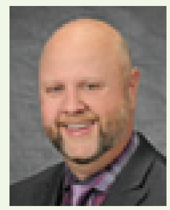
Making a Difference

BETTER LENDING THROUGH ELECTRONICS

Superior Financial Solutions Nabs Lending Luminary Award

Congratulations to **Kurt Neeper**, president of **Superior Financial Solutions LLC, a subsidiary of Superior Credit Union in Lima, Ohio,** for earning a Luminary in Lending Award from PROGRESS in Lending, a trade group and online source of strategic lending information and resources.

Neeper received the award this past October for his work with electronic mortgage closings. Keeping the homebuyers' experience convenient and simple was the impetus behind Superior's push for eClosings. Due to Neeper's persistence, Superior became the first credit union in Ohio to provide a true, end-to-end eClosing solution for borrowers.


Kurt Neeper

"Due to advancements in technology and recent changes to the Ohio Revised Code, I knew we could get to a place where borrowers could close a mortgage loan without all the paper and, if necessary, without even coming into a branch or law office to sign," says Neeper. "My staff invested a lot of time and energy into making the closing process faster and easier for our borrowers. The pandemic and accompanying shutdowns — during a peak mortgage cycle no less — only further exacerbated our belief in the need for the ability to close loans electronically, remotely, and securely."

Since 2007, Superior Financial Solutions has assisted other credit unions nationwide in originating secondary market-quality mortgage loans. The firm offers mortgage products designed to help member credit unions increase their mortgage production, ranging from correspondent lending to full-service mortgage lending and including everything from application to closing the mortgage loan.

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 teamacuma@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.

TAKING AIM
TARGETING NEW MARKET DEMANDS

Making the Most of Your Virtual Connections

Digital Business Development is Here to Stay. Here Are 8 Ways to Make the Most of It.

By Scott Abrecht
ServiStar Consulting

Remember the old days when credit unions could build new business by holding in-person seminars or hosting a booth at a local community event? Those opportunities aren't completely gone, and they can still be powerful ways to connect with prospective credit union members. But the reality is that member prospects are increasingly likely to be on the other end of a webinar, email or social media post, rather than sitting beside you at the (literal) table, and you will have to adjust your strategies accordingly.

What can your credit union do to build connections in a world that's largely gone digital? Here are eight ideas that can help you prosper and serve.

1 Put one person or department in charge of your business development efforts…

When no one's accountable, it's a lot less likely you'll achieve the desired results. Assign a person or department to oversee your digital efforts. Choose someone who takes ownership and will go beyond the routine activities to hit your goals. Other key skillsets to look for include organizational skills, excellent communication, and a reputation for working well with others.

2 …but make sure business development is part of everything your credit union does.

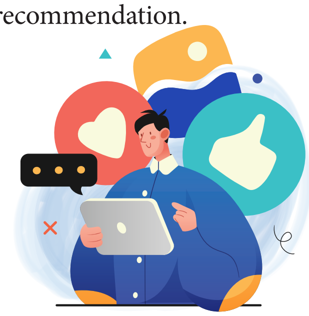
Although it's critical to put one person/department in charge, that doesn't mean all business development efforts should fall on them. Instead, view every member-facing activity through a business development lens. Are you launching a new product or online banking feature? Sponsoring a local event? Writing an educational article for the business or consumer press? Partnering with another business on a project? How can you leverage each of these opportunities to get the digital word out to people outside your current membership base?

3 Build partnerships.

Your credit union is likely a whiz when it comes to in-person partnerships. Look for ways to create those in the virtual world, too. You can begin by co-sponsoring webinars, or holding virtual conferences, events and roundtables. Volunteer to be a guest on popular industry podcasts. Pose relevant questions on your LinkedIn page and invite others to weigh in.

4 Strive to create client advocates.

Your current clients can be the best way to build new business. Mindfully and intentionally live out your client promises — it's the best way to earn referrals. And when your current clients send prospects your way, be sure to thank them both for their business and for their recommendation.



5 Ask for – and respond to – feedback.

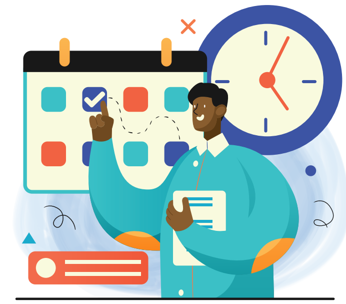
Make it easy for people to offer feedback whenever you hold a virtual event or share content through a webinar, online educational tool or blog post. Be prepared to respond to feedback that warrants it (and develop a thick skin for negative comments!)

6 Turn presentations into conversations.

Amp up the power of your next online event by spending just 15% of your time talking and setting aside the rest of your time for Q&A. You'll give attendees a chance to drive the flow of the discussion and increase the chance of converting prospects into clients.

7 Market *before* and *after* your event.

Whether the "event" is a Zoom call, an email, a webinar, or a social media hang-out, your advertising leading up to the event and your follow-up afterwards is as important — if not *more* important — than the event itself. Use that time and space wisely.



8 Give your business development team time and space to get the job done – and back them up.

Great digital business development won't happen overnight. Set clear timelines, goals and expectations, measure results and give the person or team the time and resources they need to do the job right. And make sure they, and your entire credit union, know you've got their back.

Well, what are you waiting for? Let's get going!

Scott Albrecht

Prior to joining ServiStar as AVP of Learning and Development, Scott Albrecht spent 7 years as a branchmanager and mortgage loan origination expert at Baxter Credit Union, where he and his team collected 13 sales and service awards and other honors.

TAKING AIM
TARGETING NEW MARKET DEMANDS

Lowering Member Closing Costs For the Win

Attorney Opinion Letters and Alternative Appraisal Products Provide Lower-cost Options That Could Save Members Real Money

By Phil Reichers
Voxtur Analytics Corp

Credit unions are highly skilled at evaluating risk when making mortgage loans. They know exactly what factors to focus on when assessing a members' ability to pay their mortgage, including their credit, their property risk, the amount available for a down payment, and the amount of funds left over post-closing.

It stands to reason that members who have more funds to put toward a down payment and larger reserves after closing will have a greater likelihood of successfully repaying their mortgage loan, meaning that they can enjoy homeownership, and your loans will stay out of delinquency.

For first-time homebuyers, cash reserves are especially critical, as unplanned expenses can quickly unravel even amid the soundest financial plan. But in today's economic climate, it's more difficult for younger generations to save while still managing the growing cost of everyday expenses. With inflation rising to a 40-year high, mortgage rates climbing to their highest level since the early 2000s, and recession possibilities looming large, first-time homebuyers are having a tough time entering the market and building that generational wealth that is so crucial to their long-term financial security.

Since credit unions focus every day on providing exceptional member experiences, what can they do to help their members achieve homeownership? How can they protect themselves and help their members purchase a new home in a challenging market? I believe one of the answers lies in better analyzing closing costs.

CONTROLLING CLOSING COSTS

While mortgage rates and home prices are factors that fall outside of our control, member closing costs are part of the equation that credit unions can influence. If a credit union can help reduce a member's closing costs, then it can help more members qualify for mortgages and better position them to succeed in managing the loan.

Studies indicate that lender and loan origination fees plus title and settlement fees represent up to 75% of member closing costs, so let's start there. On a purchase transaction, typically, a member would see a charge for Owner's Title Insurance, Lender's Title Insurance, and maybe even Endorsements. In totality, this is regularly hundreds or thousands of dollars — a large part of a member's overall closing costs, and it could directly impact their ability to qualify for the loan, support a down payment, and maintain reserves.

For decades, alternatives to traditional title were not viable, but timing could not be better to provide your members with a more affordable option, without assuming additional risk. Even though they may be relatively new to mortgage lending, Attorney Opinion Letters have been around as far back as the quill pen and are still used regularly in several walks of life.

> *First-time homebuyers are having a tough time entering the market and building that generational wealth that is so crucial to their long-term financial security.*

AN OLD PRACTICE BECOMES A NEW SOLUTION

As of April 2022, both Fannie Mae and Freddie Mac began allowing the use of Attorney Opinion Letters in lieu of traditional title insurance for many mortgage transactions in all 50 states. The Department of Veterans Affairs (VA) has also begun insuring loans that use an Attorney Opinion Letter instead of traditional title. Furthermore, correspondent loan purchasers, investors, and aggregators have embraced Attorney Opinion Letters and are now purchasing loans that contain this title alternative.

A big reason why credit unions will find Attorney Opinion Letters so attractive is that they are typically priced hundreds or even thousands of dollars less than traditional titles, saving members as much as a full mortgage payment at the closing table and directly impacting a members' experiences. Lenders and Owner's Coverage, plus each Endorsement, can be contained all within a single Attorney Opinion Letter.

But please pay attention when choosing a provider, as not all Attorney Opinion Letters are created equally. Credit unions must ensure that the letter comes with similar, equal, or even better insurance coverage than a traditional title to protect themselves and their field of membership. An Attorney Opinion Letter deemed acceptable by Fannie, Freddie and the VA will need to include full insurance coverage throughout the life of the loan with no coverage gaps, and it should be crafted in a way that makes it easy to produce with consistency and at scale.

TECHNOLOGY PAVES THE WAY FOR CHANGE

An appraisal fee is normally part of a member's Lender or Origination Fee, as part of the total closing cost equation. A traditional or full appraisal typically includes a physical inspection of the interior and exterior of subject property by an appraiser, which costs members hundreds and, for some properties, thousands of dollars.

In 2022, Fannie Mae and Freddie Mac introduced ways to modernize how homes are appraised by leveraging technology to perform data analysis, quality control, and monitor trends. Technology can also help eliminate potential biases and better ensure fair lending practices, which are so important to credit unions and their members.

> *While mortgage rates and home prices are factors that fall outside of our control, member closing costs are part of the equation that credit unions can influence.*

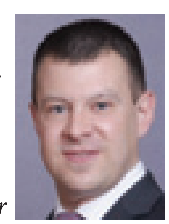
Additionally — and key to credit unions and their member experience — these GSE appraisal alternatives and other product options are typically less expensive and can be completed in a timelier manner. To obtain the ability to use these valuation products and still have a saleable loan, credit unions can receive offers for a Property Data Collection in Desktop Underwriter and a Property Data Report in Loan Product Advisor on eligible transactions in all 50 states. Additional alternative valuation options are available today, such as an Automated Valuation Model, Hybrid, and Desktop solutions that can be leveraged by credit unions to help their members access their home equity or remove Private Mortgage Insurance and monitor an existing loan portfolio.

Since credit unions often portfolio mortgage transactions, their risk appetite can help determine which product best suits their needs and how they want these alternative valuations performed, such as interior versus exterior, with or without a sketch, conducted by an appraiser or a third party. Each choice can impact cost and time. When selecting a valuation provider, it is important to insist upon a full product suite in order to meet your credit union's and its members' particular needs.

PROVIDING A FIRST-RATE MEMBER EXPERIENCE

Every credit union desires lifelong members. To accomplish this goal, it means constantly delivering a best-in-class member experience. This means leveraging all products at your disposal to ensure your credit union is offering high quality and low-cost financial solutions at the right price for your members, directly impacting their ability to achieve homeownership, save, and build generational wealth.

Think of the power and member satisfaction in being able to reliably market the fact that your credit union has the lowest possible closing costs. Builders, realtors, and other spheres of influence will pay attention. These types of savings provide tangible benefits to your members; it could amount to the ability to afford a new refrigerator, replace windows, or buy a new couch. By choosing the right solution provider, credit unions can maintain a minimal level of risk while winning more loans and creating added value for their members.


Phil Reichers

Phil Reichers is an experienced mortgage and technology executive with strong performance in retail, correspondent, and wholesale channels. Today, Phil leads sales for Voxtur Analytics Corp., a transformational real estate technology company that is redefining industry standards in a dynamic lending environment.

REVIEW DATA FOR THE TOP 300 1ST MORTGAGE ORIGINATIONS BY CREDIT UNIONS

Source: Callahan's Peer-to-Peer Data

All origination figures include residential member business loans (MBLs).

	$ Originated 1st Mortgages (Fixed & Adjustable)	$ Outstanding 1st Mortgages (Fixed & Adjustable)	$ Sold 1st Mortgages	RE Loans Sold but Serviced by CU	Total Assets
Top 300 1st Mortgages Originated CUs	125,855,893,069	399,243,612,540	28,976,262,223	230,230,306,295	1,393,126,289,296
All Originating CUs (3,009 CUs)*	156,117,209,835	544,067,628,041	33,276,669,017	263,614,035,383	2,122,766,135,754
Top 300 Share	80.6	73	87.1	87.3	65.6

**CUs who granted $10,000 or more 01/22 - 9/22*

Top 300 First Mortgage-Granting CUs as of September 30, 2022

Rank	State	Name of Credit Union	$ Originated 1st Mortgages (Fixed & Adjustable)	$ Outstanding 1st Mortgages (Fixed & Adjustable)	$ Sold 1st Mortgages	RE Loans Sold but Serviced by CU	Total Assets
1	VA	Navy	$14,184,187,328	$47,835,305,493	$5,091,789,337	$34,636,026,434	$156,549,073,689
2	VA	Pentagon	$9,690,285,675	$13,283,171,671	$4,009,242,038	$13,157,445,382	$35,882,996,822
3	NC	State Employees'	$5,445,026,313	$21,343,348,584	$0	$60,979,205	$52,107,583,234
4	MI	Lake Michigan	$2,949,206,209	$6,008,562,839	$1,066,149,790	$8,495,125,446	$11,760,791,534
5	ID	Idaho Central	$2,131,487,805	$3,135,176,888	$654,261,303	$4,149,384,986	$9,222,165,387
6	CA	First Tech	$1,938,241,179	$5,314,206,164	$338,913,287	$4,269,306,152	$16,416,196,372
7	CA	Golden 1	$1,822,407,419	$5,728,582,368	$119,780,649	$966,984,388	$18,286,187,495
8	WA	BECU	$1,683,749,106	$5,900,809,962	$509,906,317	$4,658,577,723	$29,162,216,216
9	CA	SchoolsFirst	$1,604,392,951	$7,297,382,964	$148,000	$1,530,306,452	$27,699,106,004
10	UT	Mountain America	$1,544,993,118	$3,347,253,289	$169,116,447	$1,986,687,968	$15,611,576,241
11	CA	San Diego County	$1,327,226,193	$4,229,247,468	$0	$194,353,134	$11,490,707,515
12	NY	Bethpage	$1,264,190,208	$3,333,800,329	$441,453,844	$5,391,921,293	$11,641,788,296
13	CA	Logix	$1,252,880,895	$4,058,257,719	$81,955,259	$1,928,814,705	$9,172,186,122
14	OR	OnPoint Community	$1,180,431,878	$2,355,737,589	$639,149,937	$4,436,054,201	$9,171,502,666
15	IA	GreenState	$1,147,631,275	$3,186,484,844	$458,460,102	$301,538,000	$11,239,699,224
16	TX	Randolph-Brooks	$1,136,951,327	$4,902,829,426	$23,473,512	$613,753,259	$15,641,352,885
17	TX	Security Service	$1,097,518,623	$3,954,610,035	$112,414,828	$1,246,193,115	$12,642,186,869
18	NY	United Nations	$1,057,970,766	$4,043,514,231	$10,933,384	$275,564,141	$7,829,172,472
19	CO	Elevations	$1,042,413,093	$1,523,261,083	$578,609,827	$4,402,202,636	$3,338,202,081
20	IN	Liberty	$1,025,840,092	$1,646,345,625	$293,235,080	$1,664,496,189	$3,366,542,396
21	CA	Mission	$976,627,250	$1,890,727,719	$0	$1,129,728,321	$5,734,649,377
22	WI	Summit	$957,658,905	$2,255,705,782	$334,381,443	$3,062,217,009	$5,429,515,252
23	WI	Royal	$939,831,292	$666,524,511	$227,309,387	$2,527,169,720	$4,492,122,552
24	FL	Suncoast	$842,342,549	$4,268,867,622	$42,000	$125,606,256	$15,749,578,366
25	MA	Digital	$839,170,707	$2,316,441,048	$101,394,930	$2,002,911,920	$9,852,671,811

Continued →

Top 300 First Mortgage-Granting CUs as of September 30, 2022

Rank	State	Name of Credit Union	$ Originated 1st Mortgages (Fixed & Adjustable)	$ Outstanding 1st Mortgages (Fixed & Adjustable)	$ Sold 1st Mortgages	RE Loans Sold but Serviced by CU	Total Assets
26	TN	Eastman	$829,634,474	$3,211,333,639	$0	$955,216	$7,589,858,281
27	AK	Alaska USA	$825,923,396	$2,121,720,387	$465,885,696	$4,801,376,709	$11,968,046,596
28	TX	University	$808,740,276	$1,114,755,033	$514,631,016	$2,148,646,194	$3,868,183,093
29	WI	University Of Wisconsin	$785,078,650	$1,331,556,829	$445,085,155	$3,708,762,552	$5,059,436,863
30	CA	Premier America	$757,910,800	$2,207,341,854	$7,292,783	$124,240,252	$3,773,115,984
31	CA	Star One	$752,651,485	$4,331,095,920	$0	$3,228,748	$10,395,012,309
32	TX	American Airlines	$745,594,418	$3,416,984,720	$0	$0	$9,325,313,740
33	CO	Ent	$728,037,487	$3,548,215,900	$534,957,993	$1,923,048,703	$9,559,326,639
34	TX	Amplify	$714,413,609	$741,518,455	$58,271,030	$366,809,426	$1,521,758,979
35	NY	Broadview	$712,819,270	$2,511,869,962	$289,389,412	$3,896,287,013	$8,082,538,812
36	MN	Wings Financial	$712,739,117	$2,980,261,054	$62,110,143	$761,559,283	$8,047,050,739
37	UT	America First	$704,254,807	$796,960,477	$398,333,914	$3,368,759,847	$17,596,560,577
38	MD	NASA	$698,994,631	$1,687,244,275	$56,421,397	$73,937,039	$4,337,833,116
39	CA	Kinecta	$671,683,507	$2,565,430,827	$325,762,791	$2,341,934,779	$6,472,085,345
40	NC	Local Government	$652,387,774	$1,937,978,707	$0	$0	$3,707,620,199
41	IL	BCU	$630,990,715	$2,214,442,838	$153,259,375	$2,507,172,010	$5,691,752,597
42	VA	Langley	$623,431,497	$1,345,167,426	$0	$230,091,021	$5,002,662,630
43	DC	Bank-Fund Staff	$605,281,567	$3,163,892,440	$600,000	$95,270,820	$6,420,874,270
44	CA	Chevron	$587,777,184	$3,045,907,356	$0	$11,571,513	$4,908,555,868
45	PA	Citadel	$564,483,564	$2,557,350,573	$14,350,054	$315,096,111	$5,464,410,509
46	KS	CommunityAmerica	$544,510,292	$809,170,611	$560,943,715	$2,796,710,900	$4,569,502,367
47	IA	Veridian	$539,567,323	$1,446,668,343	$177,451,214	$18,602,355	$6,705,540,057
48	WI	Landmark	$530,240,423	$1,274,618,435	$236,707,078	$2,835,673,020	$6,132,714,686
49	NY	ESL	$523,567,808	$867,174,786	$132,081,043	$1,340,054,003	$9,221,273,150
50	MN	TruStone Financial	$517,151,006	$1,014,259,516	$274,523,532	$1,558,508,873	$4,457,586,337
51	NC	Coastal	$515,524,994	$892,981,484	$157,408,734	$1,892,663,125	$4,664,645,247
52	WI	Altra	$511,263,747	$924,514,808	$147,479,185	$1,418,090,734	$2,439,003,405
53	MD	State Employees Credit Union of Maryland	$510,583,130	$2,377,353,016	$49,615,299	$0	$5,254,706,447
54	UT	Utah Community	$497,593,845	$473,972,939	$169,453,167	$1,140,593,835	$2,609,636,325
55	CA	SAFE	$495,163,532	$1,410,725,290	$0	$756,893,558	$4,362,690,039
56	SC	Founders	$473,597,835	$1,669,035,689	$0	$0	$3,972,900,895
57	FL	VyStar	$473,527,519	$3,224,255,353	$3,076,193	$300,018,236	$13,229,701,340
58	CA	Stanford	$472,987,949	$1,937,442,856	$1,423,092	$445,062,423	$3,940,126,591
59	CA	Patelco	$471,821,579	$3,065,436,486	$131,354,685	$1,220,316,551	$9,045,272,404
60	OH	Wright-Patt	$455,303,100	$1,739,486,821	$103,967,790	$3,892,060,565	$7,632,147,131
61	CA	Redwood	$450,068,952	$2,284,771,054	$19,402,550	$865,658,349	$7,640,020,276
62	CA	Wescom	$444,547,822	$1,754,333,752	$7,783,066	$558,276,843	$5,745,003,103
63	CA	Travis	$439,186,102	$1,786,564,623	$40,124,957	$671,006,718	$4,722,305,695
64	MI	United	$433,970,168	$1,193,745,224	$240,472,365	$1,147,770,808	$3,849,795,145
65	FL	MidFlorida	$428,972,995	$1,290,874,448	$83,538,733	$777,718,649	$6,690,856,154
66	TX	TDECU	$427,109,524	$1,593,915,287	$136,781,530	$891,987,822	$4,657,794,913
67	MN	Affinity Plus	$425,374,198	$1,486,393,795	$107,113,817	$1,327,327,829	$3,887,935,519
68	WI	Community First	$424,025,968	$1,865,525,291	$349,850	$602,065	$5,167,752,169
69	RI	Navigant	$408,622,617	$1,581,106,538	$16,499,200	$255,863,261	$3,335,042,242
70	IL	CEFCU	$405,050,401	$2,417,477,858	$0	$49,432,571	$7,732,080,205
71	CO	Canvas	$401,058,442	$515,272,562	$85,707,686	$737,599,698	$4,152,574,463
72	FL	IThink	$400,518,320	$1,068,404,696	$14,965,502	$300,950,377	$2,097,520,216
73	GA	Delta Community	$394,874,029	$2,046,657,044	$83,067,632	$756,940,378	$9,223,340,947
74	VT	New England	$391,567,642	$1,144,909,222	$107,035,347	$1,603,757,078	$1,943,338,611
75	CA	Financial Partners	$391,480,250	$817,925,674	$135,406,072	$1,106,293,707	$2,233,823,406
76	PA	Members 1st	$390,230,665	$731,358,442	$141,493,658	$929,294,433	$6,787,327,510
77	CA	California	$389,500,744	$1,026,796,233	$0	$667,124,123	$4,314,224,418
78	UT	Goldenwest	$389,117,398	$359,137,333	$191,644,980	$0	$2,702,823,455
79	CA	Provident	$380,106,721	$1,300,488,278	$61,375,443	$1,633,977,032	$3,509,357,907
80	VA	Apple	$375,840,270	$1,165,482,082	$107,478,109	$785,877,647	$4,109,333,173

Top 300 First Mortgage-Granting CUs as of September 30, 2022

Rank	State	Name of Credit Union	$ Originated 1st Mortgages (Fixed & Adjustable)	$ Outstanding 1st Mortgages (Fixed & Adjustable)	$ Sold 1st Mortgages	RE Loans Sold but Serviced by CU	Total Assets
81	NY	Teachers	$372,523,861	$1,682,899,451	$156,388,604	$2,175,798,875	$9,198,006,086
82	NY	USAlliance Financial	$370,515,771	$1,050,854,623	$28,934,304	$240,169,778	$2,644,033,243
83	MA	Jeanne D'Arc	$366,323,548	$1,013,514,254	$11,187,417	$115,281,614	$1,952,928,845
84	NJ	Affinity	$357,762,147	$1,925,641,869	$0	$119,703,927	$4,209,295,977
85	IL	Alliant	$355,068,042	$5,910,761,289	$51,618,228	$731,734,438	$18,036,632,361
86	MI	Genisys	$354,671,749	$794,349,429	$58,089,052	$510,190,864	$4,316,374,405
87	MI	Michigan State University	$346,364,601	$1,918,946,232	$3,022,030	$29,071,265	$6,938,091,962
88	VA	Virginia	$341,415,591	$883,884,801	$207,954,172	$1,317,530,237	$5,043,392,839
89	NY	Visions	$337,575,960	$1,678,784,469	$0	$39,416,962	$5,492,526,386
90	FL	Space Coast	$337,373,565	$1,929,173,625	$0	$596,847,237	$7,928,858,810
91	TN	Ascend	$329,158,484	$1,008,590,938	$0	$0	$3,816,052,734
92	WI	CoVantage	$323,898,724	$991,519,325	$124,543,680	$682,625,405	$2,875,496,122
93	CA	Partners	$320,999,243	$860,731,426	$19,415,125	$918,084,594	$2,474,488,301
94	WA	STCU	$320,626,495	$1,455,247,102	$81,901,100	$498,369,847	$5,432,527,753
95	IA	Collins Community	$319,627,832	$570,493,880	$43,168,380	$51,828,697	$1,644,570,806
96	RI	Coastal1	$316,748,992	$1,629,533,490	$5,311,856	$126,184,508	$3,063,402,669
97	IL	Deere Employees	$314,927,364	$903,240,523	$43,254,723	$463,220,184	$1,929,174,154
98	IN	Elements Financial	$312,796,618	$827,139,185	$73,722,274	$0	$2,271,914,364
99	CA	Valley Strong	$310,175,358	$1,223,127,045	$0	$115,866,546	$4,074,106,582
100	WA	Gesa	$299,644,582	$1,002,600,844	$23,163,037	$641,983,371	$5,568,398,521
101	WI	Educators	$298,970,572	$1,022,809,230	$79,895,451	$791,996,849	$3,146,778,830
102	IN	Teachers	$295,704,539	$1,218,065,705	$61,119,164	$344,052,061	$4,766,890,430
103	TX	Advancial	$295,551,595	$614,532,640	$25,991,772	$395,468,553	$2,118,201,378
104	CA	Technology	$290,506,165	$1,002,389,904	$0	$0	$4,387,763,390
105	IL	Great Lakes	$287,546,585	$608,429,049	$12,540,165	$297,947,923	$1,328,268,719
106	CA	University	$285,396,866	$527,465,787	$11,481,440	$82,123,000	$1,194,588,387
107	IN	3Rivers	$280,810,495	$678,089,209	$150,352,230	$1,065,683,892	$2,166,325,064
108	MA	Metro	$279,759,582	$1,082,030,000	$36,036,407	$1,008,577,778	$3,123,913,588
109	PA	Police And Fire	$274,384,343	$3,158,242,659	$99,376,377	$638,229,640	$7,943,439,727
110	WA	WECU	$271,346,522	$814,096,577	$0	$262,797,650	$2,635,824,646
111	FL	Fairwinds	$269,901,978	$1,270,167,254	$46,458,623	$563,400,748	$4,567,253,541
112	MD	Tower	$265,428,413	$963,230,681	$733,330	$540,912,244	$4,211,402,236
113	OH	General Electric	$264,859,675	$912,216,391	$0	$21,541,568	$4,618,263,310
114	TN	ORNL	$263,843,551	$1,303,344,916	$6,809,422	$241,566,707	$3,108,927,692
115	AL	Redstone	$262,304,771	$1,016,529,450	$41,200,887	$589,197,158	$7,769,381,572
116	TX	A+	$261,238,024	$865,996,004	$1,140,100	$41,461,802	$2,745,167,489
117	PA	Pennsylvania State Employees	$261,092,925	$1,812,194,319	$0	$76,160,649	$8,313,000,059
118	TX	Texas Tech	$259,056,645	$33,829,725	$265,795,928	$0	$335,821,166
119	WA	Washington State Employees	$254,877,350	$1,156,489,507	$63,185,000	$808,453,634	$4,771,613,927
120	TX	Navy Army Community	$242,231,922	$1,151,621,224	$0	$144,144,585	$4,197,515,086
121	NC	Truliant	$242,097,698	$631,944,707	$4,391,535	$382,878,813	$3,985,750,198
122	AR	Arkansas	$241,805,516	$402,053,726	$61,328,805	$370,445,163	$2,086,038,317
123	IA	Dupaco Community	$239,160,105	$587,294,394	$97,797,075	$858,736,098	$2,935,348,878
124	MT	Whitefish	$237,999,251	$837,154,853	$0	$0	$2,113,416,019
125	PA	Franklin Mint	$237,449,336	$547,645,948	$51,729,609	$484,654,819	$1,742,468,832
126	TX	Credit Union of Texas	$233,652,752	$410,455,200	$51,170,316	$0	$2,228,375,246
127	WA	Salal	$232,290,649	$453,179,043	$17,856,542	$228,573,266	$1,262,110,153
128	WA	Numerica	$227,738,257	$491,398,884	$75,934,719	$650,840,683	$3,627,119,795
129	WI	Fox Communities	$227,084,438	$897,445,838	$20,130,843	$207,581,327	$2,628,268,442
130	MI	DFCU Financial	$221,126,361	$493,623,028	$114,907,989	$875,514,887	$6,041,667,528
131	AZ	OneAZ	$215,888,610	$575,616,076	$6,876,140	$0	$3,176,982,454
132	VA	Northwest	$213,207,647	$796,453,977	$52,098,983	$1,466,672,470	$4,179,646,287
133	MI	Michigan First	$209,372,313	$389,270,186	$100,008,869	$569,473,355	$1,514,971,659
134	NY	Polish & Slavic	$207,850,995	$966,325,891	$0	$28,248,122	$2,537,265,101
135	NY	Sunmark	$207,519,175	$317,555,478	$47,624,790	$11,300,411	$1,086,710,426

Top 300 First Mortgage-Granting CUs as of September 30, 2022

Rank	State	Name of Credit Union	$ Originated 1st Mortgages (Fixed & Adjustable)	$ Outstanding 1st Mortgages (Fixed & Adjustable)	$ Sold 1st Mortgages	RE Loans Sold but Serviced by CU	Total Assets
136	OR	Oregon Community	$204,656,594	$653,508,717	$0	$559,555,748	$3,455,141,000
137	CO	Premier Members	$204,578,776	$639,967,145	$21,896,900	$301,473,602	$1,739,001,870
138	MI	Consumers	$202,851,918	$695,214,550	$0	$823,986,950	$2,022,486,599
139	MI	Michigan Schools and Government	$202,352,382	$1,143,899,177	$9,572,430	$116,398,337	$3,233,074,431
140	WI	Capital	$202,107,160	$769,247,347	$10,634,280	$252,027,167	$2,329,637,757
141	SC	South Carolina	$201,353,650	$793,327,796	$28,617,253	$458,245,668	$2,607,476,313
142	IN	Purdue	$199,012,240	$736,656,346	$61,659,107	$448,741,923	$1,796,047,607
143	OR	Rogue	$197,907,156	$407,141,049	$119,615,207	$623,431,773	$3,022,465,586
144	HI	Hawaiian Financial	$197,774,350	$410,149,324	$26,593,700	$0	$909,245,466
145	MI	Honor	$194,130,565	$400,021,191	$41,312,447	$583,802,277	$1,557,317,430
146	CA	SF Fire	$193,975,110	$681,220,550	$1,389,163	$210,526,295	$1,799,400,544
147	HI	HawaiiUSA	$192,793,178	$569,168,826	$0	$1,084,562	$2,269,947,741
148	OH	Kemba	$187,781,473	$474,718,969	$19,482,225	$222,234,413	$1,575,910,911
149	NY	AmeriCU	$187,217,610	$884,096,414	$15,663,400	$183,012,340	$2,712,721,568
150	NY	Hudson Valley	$186,975,528	$838,630,728	$82,265,659	$1,173,359,476	$6,426,163,445
151	TN	Tennessee Valley	$186,262,823	$528,885,081	$14,144,965	$0	$2,473,504,134
152	CO	Bellco	$184,932,877	$1,304,417,067	$0	$135,905,822	$7,148,286,112
153	SD	Black Hills	$184,023,307	$593,672,162	$15,764,752	$0	$2,065,755,904
154	PA	TruMark Financial	$182,146,876	$781,694,255	$29,208,301	$542,484,925	$2,900,008,961
155	CA	KeyPoint	$182,098,201	$671,870,328	$96,156,689	$425,346,819	$1,810,756,069
156	AZ	TruWest	$180,289,960	$396,615,209	$5,559,476	$346,941,131	$1,514,470,350
157	CA	Firefighters First	$179,786,508	$735,955,606	$23,137,544	$219,360,490	$2,095,812,685
158	MO	Together	$179,745,018	$613,603,173	$54,584,190	$728,407,145	$2,418,892,007
159	NY	Corning	$178,999,514	$476,265,480	$30,609,628	$598,071,263	$2,247,325,697
160	FL	Campus USA	$176,918,083	$705,327,079	$0	$21,664,780	$2,977,512,030
161	NY	Municipal	$174,973,219	$1,122,073,404	$0	$0	$4,195,105,672
162	CA	California Coast	$172,753,219	$656,079,682	$0	$194,512,311	$3,470,470,105
163	MA	Harvard University Employees	$170,168,539	$633,961,432	$38,747,469	$496,392,165	$1,128,236,982
164	OH	Superior	$168,940,207	$581,563,796	$108,294,683	$892,240,969	$1,470,611,097
165	CO	Westerra	$168,191,354	$442,736,356	$144,247,776	$925,159,123	$1,912,181,536
166	GA	Georgia's Own	$165,707,315	$460,055,909	$27,977,124	$446,167,000	$4,318,751,670
167	NY	Jovia Financial	$164,884,450	$899,867,782	$0	$571,354,241	$4,181,726,406
168	NH	St. Mary's Bank	$164,796,121	$474,540,278	$26,777,914	$596,123,617	$1,480,844,878
169	MA	Workers	$162,980,425	$631,516,039	$1,070,980	$146,766,537	$2,549,693,034
170	CA	San Mateo	$162,242,364	$745,035,310	$0	$249,691,412	$1,685,212,502
171	MO	First Community	$161,389,535	$599,393,356	$54,615,781	$681,495,213	$3,882,293,472
172	IN	Notre Dame	$161,156,120	$351,251,979	$45,974,126	$485,714,021	$1,043,794,037
173	NV	One Nevada	$160,634,089	$121,803,404	$116,722,177	$57,637,700	$1,349,593,512
174	IL	Consumers	$160,332,267	$440,026,865	$34,292,550	$673,944,552	$2,992,098,144
175	TN	Knoxville TVA Employees	$159,626,161	$751,343,768	$9,237,407	$0	$3,713,639,437
176	CA	Orange County's	$157,853,563	$750,981,002	$25,117,945	$534,749,681	$2,388,561,074
177	IL	IH Mississippi Valley	$157,549,300	$386,412,087	$34,859,690	$603,558,214	$1,958,663,136
178	IN	Indiana Members	$152,765,767	$557,146,636	$44,762,580	$417,923,053	$2,927,459,023
179	CA	Nuvision	$152,060,459	$776,021,127	$20,920,564	$375,083,867	$2,986,898,890
180	NM	Sandia Laboratory	$150,859,252	$557,826,369	$3,491,620	$118,715,067	$3,451,151,040
181	NY	Empower	$150,239,789	$611,912,676	$0	$537,004,796	$3,040,144,235
182	UT	Cyprus	$148,976,981	$226,352,976	$68,623,228	$0	$1,745,049,137
183	AZ	Desert Financial	$148,426,674	$524,625,028	$0	$607,775,807	$8,289,659,936
184	AL	Listerhill	$146,843,579	$369,178,019	$1,005,095	$0	$1,295,664,372
185	OR	Advantis	$144,567,157	$301,294,868	$52,348,254	$778,453,925	$1,977,668,903
186	MA	Greylock	$143,867,534	$627,718,064	$8,388,050	$274,540,414	$1,557,791,456
187	MI	Advia	$143,823,164	$700,460,747	$8,149,017	$0	$2,866,475,108
188	TX	UNIFY Financial	$142,099,713	$837,693,816	$18,565,933	$431,521,197	$4,136,640,058
189	TX	GECU	$140,321,626	$525,519,059	$67,825,554	$760,164,204	$4,125,176,781
190	FL	GTE Financial	$137,393,137	$486,811,891	$85,463,954	$733,691,514	$2,871,279,892

Top 300 First Mortgage-Granting CUs as of September 30, 2022

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191	WI	Marine	$136,289,671	$491,629,847	$0	$83,097	$1,044,208,630
192	MN	Magnifi Financial	$135,246,785	$112,791,791	$81,682,784	$605,725,216	$1,773,442,983
193	OR	Unitus Community	$134,894,009	$426,754,869	$63,207,512	$575,045,678	$1,766,719,533
194	MA	Hanscom	$134,850,966	$475,763,837	$83,482,180	$493,045,845	$1,829,459,195
195	CA	Meriwest	$134,717,496	$700,311,550	$8,424,964	$573,651,319	$2,199,223,873
196	KS	Credit Union Of America	$134,184,017	$394,180,976	$43,158,850	$0	$1,380,113,985
197	NH	Service	$133,949,595	$1,014,828,972	$875,500	$78,091,862	$5,192,844,100
198	CA	Downey	$132,621,640	$34,720,325	$0	$0	$301,374,970
199	IA	Community Choice	$131,893,212	$224,822,668	$59,200,989	$0	$762,678,724
200	WA	Sound	$130,598,419	$442,807,804	$14,304,244	$0	$2,635,334,399
201	OK	Tinker	$130,518,476	$285,017,041	$7,747,743	$260,725,355	$5,930,349,656
202	IN	Forum	$130,408,835	$284,110,684	$106,402,789	$985,935,148	$1,963,536,682
203	OR	Rivermark Community	$130,017,720	$261,438,535	$0	$536,971,115	$1,370,253,170
204	TN	Leaders	$129,257,632	$145,095,340	$84,856,013	$0	$860,573,063
205	TX	United Heritage	$128,925,682	$415,656,854	$52,716,745	$0	$1,503,541,975
206	MI	Lake Trust	$127,784,886	$637,006,827	$0	$2,003,100	$2,589,992,457
207	WA	Kitsap	$127,629,027	$376,149,108	$2,350,578	$0	$2,159,993,545
208	MA	Direct	$126,851,695	$386,835,704	$2,027,250	$203,659,119	$824,491,828
209	ID	Beehive	$126,149,628	$159,763,810	$30,636,696	$35,448,263	$533,364,411
210	HI	Hawaii State	$125,642,800	$351,509,428	$37,468,935	$640,457,532	$2,272,382,828
211	FL	Educational	$125,253,599	$467,178,954	$2,340,450	$59,453,791	$1,599,199,790
212	MA	Massachusetts Institute Of Technology	$124,519,962	$414,578,351	$4,512,350	$370,239,889	$714,956,837
213	VA	Dupont Community	$124,470,456	$502,927,076	$21,054,350	$191,464,860	$1,830,409,328
214	KY	L & N	$123,221,562	$725,776,780	$0	$219,305,357	$1,929,978,159
215	KS	Meritrust	$123,169,408	$463,612,885	$0	$389,741,596	$1,802,458,257
216	SC	Sharonview	$122,607,695	$483,865,017	$50,825,064	$440,886,896	$1,947,947,600
217	MS	Keesler	$122,408,496	$945,446,918	$0	$8,576,126	$4,127,453,495
218	CA	Frontwave	$121,473,262	$431,303,570	$0	$5,553,242	$1,364,257,133
219	MA	Rockland	$120,308,272	$570,566,538	$0	$263,919,151	$2,644,099,852
220	PA	American Heritage	$119,998,230	$593,173,760	$145,524,420	$1,140,789,483	$4,280,093,528
221	NC	Allegacy	$119,802,791	$335,986,955	$34,802,492	$193,562,038	$2,116,335,752
222	TX	First Community	$119,681,255	$473,978,340	$556,210	$55,219,442	$2,108,695,559
223	TN	Orion	$119,671,541	$295,961,217	$36,910,955	$26,203,593	$1,244,244,571
224	UT	Deseret First	$119,193,200	$314,935,762	$64,133,663	$0	$963,445,843
225	CT	Charter Oak	$118,994,349	$427,335,546	$7,799,902	$178,865,885	$1,541,616,950
226	NM	Nusenda	$118,522,083	$312,568,051	$74,559,166	$620,396,369	$3,974,045,180
227	CA	First Entertainment	$117,797,549	$708,082,916	$14,572,120	$9,730,922	$2,083,353,882
228	IN	Indiana University	$117,422,070	$557,099,472	$0	$0	$1,551,290,611
229	MN	Spire	$116,488,834	$491,042,827	$36,273,606	$297,924,676	$2,153,756,633
230	WA	Columbia	$115,427,344	$356,510,402	$48,079,182	$451,070,419	$2,291,214,788
231	TN	Y-12	$115,294,721	$561,902,223	$0	$49,671,313	$1,803,648,941
232	TX	Firstmark	$115,106,566	$232,324,896	$0	$0	$1,276,164,893
233	IN	Interra	$114,710,995	$358,154,731	$0	$212,543,650	$1,706,395,712
234	FL	Community First Credit Union of Florida	$114,443,385	$650,182,188	$0	$100,611,556	$2,532,395,265
235	AL	America's First	$113,938,060	$317,424,919	$930,228	$0	$2,327,194,441
236	CA	F & A	$112,392,731	$527,278,015	$0	$19,282,065	$2,219,658,841
237	CT	American Eagle Financial	$111,040,752	$843,092,811	$0	$252,734,394	$2,444,360,937
238	TX	Austin Telco	$110,537,917	$720,769,204	$535,275	$0	$2,386,263,961
239	DC	Department Of Commerce	$110,372,915	$363,431,279	$0	$42,831,487	$838,554,675
240	IN	Centra	$110,197,014	$451,566,597	$27,416,393	$255,519,193	$2,052,194,860
241	NE	Centris	$109,842,933	$340,116,038	$23,810,766	$386,466,152	$1,190,360,313
242	VA	State Department	$109,828,559	$675,895,650	$0	$62,044,033	$2,648,600,629
243	WA	iQ	$108,847,095	$468,532,167	$14,533,174	$303,374,049	$1,994,879,030
244	NY	First Source	$107,665,941	$312,941,268	$18,381,087	$14,189,093	$866,661,845
245	OR	Selco Community	$106,545,124	$388,585,751	$0	$0	$2,607,154,540

Top 300 First Mortgage-Granting CUs as of September 30, 2022

Rank	State	Name of Credit Union	$ Originated 1st Mortgages (Fixed & Adjustable)	$ Outstanding 1st Mortgages (Fixed & Adjustable)	$ Sold 1st Mortgages	RE Loans Sold but Serviced by CU	Total Assets
246	GA	Georgia United	$106,145,577	$543,164,335	$988,600	$282,844,300	$2,028,557,472
247	OR	First Community	$105,871,728	$403,973,651	$48,138,338	$402,443,278	$1,865,118,614
248	ND	Town & Country	$105,764,173	$42,511,770	$99,871,775	$17,577,643	$641,923,091
249	CA	CBC	$105,043,246	$311,827,120	$21,415,551	$162,542,682	$769,686,283
250	WI	Verve, a	$103,688,570	$337,255,151	$12,003,165	$292,755,288	$1,541,640,839
251	SD	Dakotaland	$103,536,431	$148,522,215	$26,358,848	$317,614,155	$587,578,636
252	PA	Clearview	$102,441,522	$329,893,194	$0	$0	$1,799,099,031
253	MI	Frankenmuth	$102,316,874	$257,204,533	$66,387,572	$573,816,253	$1,179,313,871
254	WI	Westconsin	$102,221,842	$362,156,899	$75,852,680	$1,001,895,772	$1,955,640,660
255	UT	University	$102,219,048	$186,191,463	$44,095,283	$691,238,728	$1,900,835,884
256	WI	Thrivent	$101,751,547	$211,880,093	$27,621,913	$423,694,621	$888,565,205
257	GA	Atlanta Postal	$101,536,780	$564,340,353	$0	$0	$2,543,784,291
258	NC	Self-Help	$101,362,473	$1,225,482,843	$0	$0	$2,124,079,578
259	DC	IDB Global	$101,238,892	$474,665,350	$0	$2,090,831	$756,023,212
260	RI	People's	$101,114,754	$362,396,886	$0	$62,589,667	$686,084,464
261	MI	Dow	$100,234,372	$609,589,028	$6,250,955	$62,409,213	$2,129,280,740
262	MI	Arbor Financial	$99,573,960	$383,955,932	$27,890,768	$290,427,855	$874,061,637
263	LA	Carter	$99,497,493	$221,982,596	$0	$0	$663,689,841
264	OK	Truity	$99,127,043	$143,260,869	$76,131,396	$736,861,858	$1,067,625,041
265	MA	St. Anne's Of Fall River	$98,898,295	$413,359,978	$1,308,125	$260,565,504	$1,194,144,429
266	TX	EECU	$98,437,472	$382,711,806	$39,244,701	$298,909,874	$3,468,848,483
267	IL	Scott	$98,394,484	$350,948,890	$40,403,904	$193,703,441	$1,728,706,028
268	WA	Solarity	$97,992,844	$219,230,494	$61,598,447	$403,619,016	$821,531,431
269	TX	Alliance	$96,775,953	$119,684,539	$51,475,919	$6,001,552	$481,023,847
270	MA	Webster First	$95,881,965	$476,085,904	$0	$0	$1,326,077,268
271	SC	SAFE	$95,724,874	$306,533,598	$0	$0	$1,698,610,629
272	VA	Freedom First	$93,083,865	$189,440,292	$36,740,913	$0	$1,025,500,443
273	GA	Robins Financial	$92,934,811	$407,986,253	$13,475,966	$319,894,055	$4,036,140,612
274	CA	Northrop Grumman	$92,548,568	$246,561,034	$58,937,481	$340,200,141	$1,548,271,168
275	CA	Excite	$92,056,422	$214,646,784	$0	$91,400,124	$715,282,684
276	VA	Member One	$91,653,818	$361,940,483	$5,190,186	$0	$1,520,359,432
277	TX	Texas Trust	$91,555,018	$477,024,567	$0	$16,650,007	$2,036,996,524
278	ID	Westmark	$91,013,948	$343,875,087	$0	$50,406,050	$1,355,618,086
279	VA	Justice	$90,727,774	$406,951,825	$6,111,729	$67,933,771	$942,080,673
280	NY	CFCU Community	$90,649,380	$494,394,731	$1,373,690	$85,539,994	$1,473,416,238
281	TX	Wellby Financial	$90,530,876	$652,277,379	$0	$0	$2,514,483,854
282	VT	Vermont State Employees	$89,972,801	$582,897,649	$0	$150,652,786	$1,097,645,877
283	KY	Park Community	$89,557,357	$414,745,862	$5,824,058	$0	$1,207,393,774
284	TX	AMOCO	$89,088,978	$290,506,115	$296,920	$0	$1,316,560,753
285	IN	Midwest America	$88,597,952	$111,072,808	$9,127,589	$126,906,817	$802,874,518
286	KY	Commonwealth	$88,345,711	$526,188,581	$6,375,948	$70,956,838	$2,017,659,689
287	ND	First Community	$88,240,459	$109,367,412	$52,817,563	$0	$1,160,259,550
288	AZ	Vantage West	$88,166,544	$415,622,763	$316,760	$154,264,453	$2,604,029,725
289	TX	First Service	$87,496,514	$259,632,035	$0	$0	$1,392,809,735
290	MN	Hiway	$86,838,150	$463,531,930	$24,548,909	$319,413,776	$1,700,158,009
291	FL	Tyndall	$86,535,904	$425,523,265	$17,686,793	$210,142,221	$1,989,899,502
292	KY	University Of Kentucky	$86,319,798	$255,348,074	$8,733,427	$0	$1,349,974,746
293	MN	Members Cooperative	$86,240,178	$312,673,200	$17,185,568	$3,305,169	$1,128,137,623
294	VT	NorthCountry	$86,178,756	$329,319,078	$10,683,630	$0	$924,332,551
295	TX	Union Square	$86,135,593	$189,486,856	$14,360,235	$0	$662,288,388
296	CA	Caltech Employees	$85,990,425	$392,564,990	$0	$3,760,801	$2,026,542,071
297	AL	APCO Employees	$85,932,478	$566,343,566	$0	$0	$3,508,009,774
298	OK	TTCU	$85,864,407	$215,699,967	$48,152,329	$558,473,845	$2,644,853,812
299	NC	Latino Community	$85,491,350	$448,510,112	$0	$0	$883,383,015
300	TX	Texans	$84,258,386	$503,226,960	$0	$0	$2,133,459,121

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REVIEW DATA FOR THE TOP 300
2ND MORTGAGE ORIGINATIONS BY CREDIT UNIONS

Source: Callahan's Peer-to-Peer Data

All origination figures include residential member business loans (MBLs).

	$ Originated 2nd Mortgages	$ Outstanding 2nd Mortgages	RE Loans Sold but Serviced by CU	Total Assets
Top 300 2nd Mortgages Originated CUs	41,206,573,846	70,206,008,085	213,772,344,412	1,321,918,403,187
All Originating CUs (2,787 CUs)*	51,819,199,062	87,017,810,506	265,705,885,821	2,063,845,573,196
Top 300 Share	79.5	81	80.5	64.1

**CUs who granted $10,000 or more 01/22 - 9/22*

Top 300 Second Mortgage-Granting CUs as of September 30, 2022

Rank	State	Name of Credit Union	$ Originated 2nd Mortgages	$ Outstanding 2ndMortgages	RE Loans Sold but Serviced by CU	Total Assets
1	VA	Pentagon	$2,169,271,288	$2,502,167,746	$13,157,445,382	$35,882,996,822
2	UT	Mountain America	$1,506,379,649	$1,668,294,143	$1,986,687,968	$15,611,576,241
3	VA	Navy	$1,420,714,102	$1,896,959,388	$34,636,026,434	$156,549,073,689
4	UT	America First	$959,692,686	$1,278,192,784	$3,368,759,847	$17,596,560,577
5	WA	BECU	$790,979,452	$2,085,237,253	$4,658,577,723	$29,162,216,216
6	NY	Bethpage	$780,357,970	$1,481,145,088	$5,391,921,293	$11,641,788,296
7	NY	Quorum	$773,433,369	$425,796,542	$108,755,789	$1,224,418,901
8	CA	SchoolsFirst	$700,850,497	$868,244,608	$1,530,306,452	$27,699,106,004
9	ID	Idaho Central	$699,698,420	$690,989,169	$4,149,384,986	$9,222,165,387
10	IL	Alliant	$674,568,448	$1,207,608,900	$731,734,438	$18,036,632,361
11	CA	Valley Strong	$645,523,667	$866,365,367	$115,866,546	$4,074,106,582
12	CA	First Tech	$542,480,861	$933,834,587	$4,269,306,152	$16,416,196,372
13	CO	Bellco	$533,109,920	$805,892,507	$135,905,822	$7,148,286,112
14	CA	Patelco	$509,478,418	$637,197,269	$1,220,316,551	$9,045,272,404
15	NY	Teachers	$502,930,680	$979,119,012	$2,175,798,875	$9,198,006,086
16	WI	University Of Wisconsin	$472,699,366	$498,314,376	$3,708,762,552	$5,059,436,863
17	CO	Ent	$441,778,189	$869,741,704	$1,923,048,703	$9,559,326,639
18	TX	Security Service	$428,216,965	$494,699,442	$1,246,193,115	$12,642,186,869
19	GA	Georgia's Own	$413,112,086	$379,471,267	$446,167,000	$4,318,751,670
20	PA	Police And Fire	$383,205,849	$642,241,389	$638,229,640	$7,943,439,727
21	PA	Members 1st	$375,965,748	$694,278,210	$929,294,433	$6,787,327,510
22	CA	Logix	$364,669,159	$565,522,897	$1,928,814,705	$9,172,186,122
23	AK	Alaska USA	$356,744,972	$573,660,721	$4,801,376,709	$11,968,046,596
24	MD	Tower	$355,610,290	$1,117,812,900	$540,912,244	$4,211,402,236
25	AZ	Desert Financial	$337,974,282	$749,905,419	$607,775,807	$8,289,659,936

Continued

Top 300 Second Mortgage-Granting CUs as of September 30, 2022

Rank	State	Name of Credit Union	$ Originated 2nd Mortgages	$ Outstanding 2nd Mortgages	RE Loans Sold but Serviced by CU	Total Assets
26	OR	OnPoint Community	$320,995,561	$329,663,606	$4,436,054,201	$9,171,502,666
27	CA	Golden 1	$285,677,794	$364,307,735	$966,984,388	$18,286,187,495
28	MA	Hanscom	$282,954,413	$442,410,719	$493,045,845	$1,829,459,195
29	FL	Space Coast	$266,127,835	$424,108,658	$596,847,237	$7,928,858,810
30	MN	TruStone Financial	$265,272,114	$543,781,522	$1,558,508,873	$4,457,586,337
31	PA	TruMark Financial	$251,694,860	$498,735,879	$542,484,925	$2,900,008,961
32	MI	Genisys	$248,174,837	$249,025,916	$510,190,864	$4,316,374,405
33	NC	Coastal	$243,420,135	$328,408,121	$1,892,663,125	$4,664,645,247
34	NC	Truliant	$242,103,430	$360,478,708	$382,878,813	$3,985,750,198
35	MN	Wings Financial	$234,574,823	$280,841,895	$761,559,283	$8,047,050,739
36	MI	Lake Michigan	$234,139,027	$492,224,526	$8,495,125,446	$11,760,791,534
37	CO	Canvas	$231,176,129	$543,693,198	$737,599,698	$4,152,574,463
38	NY	Hudson Valley	$217,597,889	$553,918,814	$1,173,359,476	$6,426,163,445
39	FL	VyStar	$210,456,437	$279,860,721	$300,018,236	$13,229,701,340
40	MD	State Employees Credit Union of Maryland	$207,265,608	$557,752,474	$0	$5,254,706,447
41	WA	Numerica	$206,901,140	$251,482,697	$650,840,683	$3,627,119,795
42	WA	STCU	$205,811,265	$236,860,885	$498,369,847	$5,432,527,753
43	CA	Star One	$204,996,037	$342,250,991	$3,228,748	$10,395,012,309
44	CA	Redwood	$198,140,325	$385,252,269	$865,658,349	$7,640,020,276
45	OH	Wright-Patt	$193,822,348	$324,241,733	$3,892,060,565	$7,632,147,131
46	IL	BCU	$193,644,433	$279,417,216	$2,507,172,010	$5,691,752,597
47	PA	Citadel	$192,196,788	$334,268,437	$315,096,111	$5,464,410,509
48	TX	Randolph-Brooks	$191,526,189	$459,605,577	$613,753,259	$15,641,352,885
49	KS	CommunityAmerica	$186,357,927	$423,771,581	$2,796,710,900	$4,569,502,367
50	UT	Goldenwest	$185,834,561	$365,065,177	$0	$2,702,823,455
51	CA	University	$183,364,713	$81,377,820	$82,123,000	$1,194,588,387
52	GA	Georgia United	$179,732,773	$290,205,058	$282,844,300	$2,028,557,472
53	UT	Utah Community	$179,694,379	$218,247,614	$1,140,593,835	$2,609,636,325
54	NY	Jovia Financial	$177,919,416	$904,372,631	$571,354,241	$4,181,726,406
55	VA	United States Senate	$173,603,702	$290,320,428	$0	$1,224,175,746
56	WI	Landmark	$172,861,696	$344,816,763	$2,835,673,020	$6,132,714,686
57	CA	Technology	$166,982,654	$248,211,630	$0	$4,387,763,390
58	IA	Veridian	$165,787,773	$340,927,719	$18,602,355	$6,705,540,057
59	WI	Royal	$164,200,720	$170,287,645	$2,527,169,720	$4,492,122,552
60	MA	Digital	$162,723,799	$546,019,196	$2,002,911,920	$9,852,671,811
61	KY	University Of Kentucky	$158,872,805	$294,839,566	$0	$1,349,974,746
62	WA	Gesa	$157,681,815	$278,571,616	$641,983,371	$5,568,398,521
63	TX	EECU	$155,457,832	$112,652,830	$298,909,874	$3,468,848,483
64	VA	Apple	$155,139,587	$197,806,794	$785,877,647	$4,109,333,173
65	CO	Credit Union Of Colorado	$152,956,882	$194,838,050	$279,445,607	$2,370,539,004
66	CA	Mission	$152,796,755	$261,471,267	$1,129,728,321	$5,734,649,377
67	CA	Wescom	$152,337,571	$328,712,045	$558,276,843	$5,745,003,103
68	TX	Amplify	$152,008,561	$155,097,413	$366,809,426	$1,521,758,979
69	GA	Delta Community	$151,977,697	$203,948,226	$756,940,378	$9,223,340,947
70	FL	GTE Financial	$151,875,966	$240,548,532	$733,691,514	$2,871,279,892
71	MN	Affinity Plus	$151,386,982	$345,555,631	$1,327,327,829	$3,887,935,519
72	CA	Stanford	$150,666,002	$175,282,395	$445,062,423	$3,940,126,591
73	AZ	TruWest	$150,441,407	$224,287,741	$346,941,131	$1,514,470,350
74	FL	MidFlorida	$150,316,665	$274,077,482	$777,718,649	$6,690,856,154
75	CO	Sooper	$147,586,216	$156,916,514	$0	$615,270,061
76	MI	Community Financial	$146,061,701	$221,129,839	$348,835,684	$1,425,562,585
77	CO	Premier Members	$142,555,042	$204,179,456	$301,473,602	$1,739,001,870
78	TX	Credit Union of Texas	$141,963,142	$218,184,549	$0	$2,228,375,246
79	FL	Suncoast	$141,506,927	$284,038,491	$125,606,256	$15,749,578,366
80	CA	Meriwest	$137,198,303	$254,623,968	$573,651,319	$2,199,223,873

Top 300 Second Mortgage-Granting CUs as of September 30, 2022

Rank	State	Name of Credit Union	$ Originated 2nd Mortgages	$ Outstanding 2nd Mortgages	RE Loans Sold but Serviced by CU	Total Assets
81	IL	Deere Employees	$133,748,011	$171,245,564	$463,220,184	$1,929,174,154
82	MI	Michigan State University	$133,417,112	$206,966,759	$29,071,265	$6,938,091,962
83	IA	GreenState	$132,878,603	$630,863,861	$301,538,000	$11,239,699,224
84	NY	USAlliance Financial	$130,299,981	$298,261,670	$240,169,778	$2,644,033,243
85	WI	Summit	$129,221,515	$508,462,769	$3,062,217,009	$5,429,515,252
86	NC	Allegacy	$128,555,965	$341,535,812	$193,562,038	$2,116,335,752
87	CA	Southland	$127,660,565	$87,751,467	$126,795,717	$1,058,490,894
88	CA	California Coast	$127,309,066	$161,229,913	$194,512,311	$3,470,470,105
89	NY	Broadview	$127,045,632	$405,961,808	$3,896,287,013	$8,082,538,812
90	MD	Andrews	$124,785,441	$276,076,504	$523,422,329	$2,487,190,506
91	PA	Pennsylvania State Employees	$123,557,796	$454,393,460	$76,160,649	$8,313,000,059
92	PA	American Heritage	$119,520,631	$232,175,055	$1,140,789,483	$4,280,093,528
93	CA	San Diego County	$117,751,482	$212,670,209	$194,353,134	$11,490,707,515
94	HI	Hawaii State	$114,661,251	$233,133,787	$640,457,532	$2,272,382,828
95	AL	All In	$113,725,424	$165,912,149	$0	$2,413,271,256
96	MI	Credit Union One	$113,373,264	$124,851,264	$233,927	$1,785,066,953
97	IN	Elements Financial	$110,750,563	$133,724,713	$0	$2,271,914,364
98	TX	American Airlines	$110,204,495	$125,846,075	$0	$9,325,313,740
99	NJ	Affinity	$109,613,056	$219,193,737	$119,703,927	$4,209,295,977
100	WA	Kitsap	$109,281,673	$115,652,286	$0	$2,159,993,545
101	SC	Sharonview	$109,129,241	$255,703,569	$440,886,896	$1,947,947,600
102	TN	Eastman	$108,545,172	$124,121,368	$955,216	$7,589,858,281
103	NY	ESL	$108,088,226	$303,638,763	$1,340,054,003	$9,221,273,150
104	CA	California	$105,620,433	$244,096,923	$667,124,123	$4,314,224,418
105	UT	Deseret First	$105,394,017	$117,970,622	$0	$963,445,843
106	NC	State Employees'	$104,927,687	$940,093,218	$60,979,205	$52,107,583,234
107	MI	United	$104,253,452	$189,519,867	$1,147,770,808	$3,849,795,145
108	NC	Local Government	$103,847,635	$155,718,636	$0	$3,707,620,199
109	CO	Westerra	$102,836,892	$141,198,891	$925,159,123	$1,912,181,536
110	OR	Oregon Community	$102,524,918	$171,919,392	$559,555,748	$3,455,141,000
111	VA	BayPort	$102,465,819	$141,407,811	$0	$2,263,411,797
112	CA	Kinecta	$101,266,521	$212,011,727	$2,341,934,779	$6,472,085,345
113	CA	SF Fire	$100,274,849	$219,962,730	$210,526,295	$1,799,400,544
114	MA	Direct	$99,884,734	$159,220,652	$203,659,119	$824,491,828
115	HI	HawaiiUSA	$97,955,650	$119,988,674	$1,084,562	$2,269,947,741
116	AZ	OneAZ	$96,589,981	$102,296,296	$0	$3,176,982,454
117	UT	Utah First	$96,119,229	$125,961,041	$0	$764,046,464
118	NY	Visions	$93,427,533	$194,157,602	$39,416,962	$5,492,526,386
119	MI	DFCU Financial	$92,759,389	$166,539,983	$875,514,887	$6,041,667,528
120	MI	Michigan Schools and Government	$92,239,281	$161,708,113	$116,398,337	$3,233,074,431
121	FL	Achieva	$92,110,600	$153,695,614	$290,680,331	$2,654,333,032
122	CO	Credit Union of Denver	$90,619,376	$112,974,404	$0	$1,102,233,295
123	MI	Advia	$90,472,810	$183,475,861	$0	$2,866,475,108
124	CT	American Eagle Financial	$89,247,600	$218,662,234	$252,734,394	$2,444,360,937
125	CA	Orange County's	$88,510,433	$95,816,719	$534,749,681	$2,388,561,074
126	CO	Colorado	$86,525,424	$85,391,059	$0	$308,373,344
127	UT	University	$85,026,249	$117,918,137	$691,238,728	$1,900,835,884
128	OR	Selco Community	$84,842,633	$87,818,402	$0	$2,607,154,540
129	WA	Washington State Employees	$81,605,110	$204,217,124	$808,453,634	$4,771,613,927
130	TX	Firstmark	$80,349,636	$18,583,663	$0	$1,276,164,893
131	IN	Liberty	$79,409,889	$106,588,199	$1,664,496,189	$3,366,542,396
132	NH	Service	$78,598,367	$183,128,790	$78,091,862	$5,192,844,100
133	CA	Firefighters First	$77,944,831	$118,241,463	$219,360,490	$2,095,812,685
134	NH	St. Mary's Bank	$77,429,075	$117,546,189	$596,123,617	$1,480,844,878
135	CA	Travis	$77,299,037	$116,054,962	$671,006,718	$4,722,305,695

Top 300 Second Mortgage-Granting CUs as of September 30, 2022

Rank	State	Name of Credit Union	$ Originated 2nd Mortgages	$ Outstanding 2nd Mortgages	RE Loans Sold but Serviced by CU	Total Assets
136	MA	Rockland	$76,907,500	$192,248,800	$263,919,151	$2,644,099,852
137	WA	Sound	$76,674,961	$99,364,252	$0	$2,635,334,399
138	RI	Coastal1	$76,368,076	$100,294,566	$126,184,508	$3,063,402,669
139	WI	Altra	$75,965,145	$130,119,179	$1,418,090,734	$2,439,003,405
140	TX	Austin Telco	$75,668,586	$166,970,325	$0	$2,386,263,961
141	WA	Columbia	$74,404,891	$117,481,943	$451,070,419	$2,291,214,788
142	OR	Maps	$73,869,613	$70,906,286	$75,213,486	$1,299,594,672
143	FL	IThink	$72,332,000	$142,978,549	$300,950,377	$2,097,520,216
144	RI	Navigant	$71,540,920	$146,646,066	$255,863,261	$3,335,042,242
145	CO	Red Rocks	$71,338,862	$123,361,180	$0	$350,218,370
146	MA	Central One	$71,250,750	$136,122,726	$156,082,680	$750,243,626
147	DC	Bank-Fund Staff	$70,966,032	$113,061,200	$95,270,820	$6,420,874,270
148	IL	CEFCU	$70,774,841	$132,932,791	$49,432,571	$7,732,080,205
149	MA	Workers	$69,825,688	$139,597,956	$146,766,537	$2,549,693,034
150	WA	O Bee	$69,675,691	$114,563,942	$0	$562,771,197
151	PA	Clearview	$69,522,800	$185,557,538	$0	$1,799,099,031
152	NY	Suffolk	$69,518,818	$156,521,130	$0	$1,663,728,018
153	VA	Virginia	$68,827,247	$141,562,598	$1,317,530,237	$5,043,392,839
154	HI	Aloha Pacific	$68,545,550	$99,753,348	$36,351,229	$1,224,646,999
155	TN	Ascend	$67,434,278	$89,288,181	$0	$3,816,052,734
156	GA	Credit Union Of Georgia	$67,408,224	$92,959,552	$0	$608,646,937
157	AZ	Credit Union West	$67,263,381	$128,437,397	$68,231,647	$1,110,928,892
158	NY	Empower	$66,365,619	$405,900,574	$537,004,796	$3,040,144,235
159	CA	F & A	$66,197,396	$89,657,178	$19,282,065	$2,219,658,841
160	CA	San Mateo	$65,973,846	$80,128,381	$249,691,412	$1,685,212,502
161	OR	Mid Oregon	$65,627,074	$54,211,645	$0	$671,476,449
162	UT	Cyprus	$65,196,989	$125,500,021	$0	$1,745,049,137
163	OR	Consolidated Community	$64,598,100	$99,696,907	$0	$498,915,541
164	MO	Together	$63,981,637	$91,435,363	$728,407,145	$2,418,892,007
165	VA	Arlington Community	$63,489,737	$130,496,210	$0	$468,346,241
166	CA	Premier One	$62,870,377	$52,079,585	$0	$558,292,603
167	IL	Great Lakes	$62,464,549	$111,816,983	$297,947,923	$1,328,268,719
168	NY	AmeriCU	$61,746,061	$136,434,977	$183,012,340	$2,712,721,568
169	PA	Merck Sharp & Dohme	$61,548,000	$117,676,156	$65,791,188	$804,637,085
170	CA	Provident	$61,173,739	$87,354,321	$1,633,977,032	$3,509,357,907
171	AL	Redstone	$59,756,827	$257,623,466	$589,197,158	$7,769,381,572
172	CA	Credit Union of Southern California	$59,253,752	$78,428,575	$186,622,865	$2,382,350,470
173	WA	iQ	$58,790,191	$134,516,197	$303,374,049	$1,994,879,030
174	IN	Interra	$58,785,746	$79,047,597	$212,543,650	$1,706,395,712
175	NE	Centris	$58,695,784	$92,890,885	$386,466,152	$1,190,360,313
176	IN	Indiana Members	$58,122,325	$103,457,179	$417,923,053	$2,927,459,023
177	TN	ORNL	$56,779,441	$93,743,454	$241,566,707	$3,108,927,692
178	PA	Service 1st	$56,700,581	$176,438,112	$1,018,198	$621,294,484
179	MO	West Community	$56,049,375	$123,079,686	$0	$400,348,614
180	FL	Fairwinds	$55,348,147	$82,835,885	$563,400,748	$4,567,253,541
181	VA	Langley	$55,153,009	$159,252,806	$230,091,021	$5,002,662,630
182	VA	State Department	$54,150,403	$120,169,513	$62,044,033	$2,648,600,629
183	DC	Department Of Commerce	$53,869,005	$94,273,491	$42,831,487	$838,554,675
184	CA	Chevron	$53,764,220	$94,307,615	$11,571,513	$4,908,555,868
185	GA	Associated	$53,040,912	$92,022,572	$404,578,447	$2,145,077,591
186	PA	Franklin Mint	$52,756,277	$205,031,214	$484,654,819	$1,742,468,832
187	NY	Municipal	$51,727,198	$116,385,139	$0	$4,195,105,672
188	MA	Metro	$51,666,588	$124,215,618	$1,008,577,778	$3,123,913,588
189	VA	Dupont Community	$50,759,353	$76,209,736	$191,464,860	$1,830,409,328
190	OR	Advantis	$50,732,637	$82,948,927	$778,453,925	$1,977,668,903

Top 300 Second Mortgage-Granting CUs as of September 30, 2022

Rank	State	Name of Credit Union	$ Originated 2nd Mortgages	$ Outstanding 2nd Mortgages	RE Loans Sold but Serviced by CU	Total Assets
191	OR	Rivermark Community	$50,086,858	$101,715,637	$536,971,115	$1,370,253,170
192	NY	Corning	$49,826,226	$97,353,447	$598,071,263	$2,247,325,697
193	MD	APG	$49,751,905	$109,049,991	$292,413,167	$2,081,850,273
194	MI	Consumers	$49,512,716	$64,834,425	$823,986,950	$2,022,486,599
195	SC	South Carolina	$48,660,098	$106,689,284	$458,245,668	$2,607,476,313
196	OK	TTCU	$48,346,586	$84,974,483	$558,473,845	$2,644,853,812
197	KY	Abound	$48,315,985	$139,552,961	$44,455,095	$2,025,044,246
198	AZ	Arizona Financial	$48,188,235	$103,629,609	$0	$2,787,733,161
199	CA	AltaOne	$48,118,340	$59,604,677	$8,204,513	$793,540,945
200	WA	Verity	$48,021,399	$83,773,876	$497,338,065	$831,307,724
201	NC	Marine	$47,639,308	$57,531,209	$0	$929,421,046
202	CA	Farmers Insurance Group	$47,461,166	$94,119,858	$0	$1,324,652,146
203	VA	NextMark	$47,448,719	$244,936,816	$4,797,819	$505,735,252
204	AR	Arkansas	$47,327,541	$77,935,167	$370,445,163	$2,086,038,317
205	VA	Spectra	$47,065,750	$88,400,253	$170,422,062	$588,072,728
206	VA	Northwest	$46,866,937	$167,141,859	$1,466,672,470	$4,179,646,287
207	NV	Clark County	$46,628,299	$70,372,906	$0	$1,148,646,739
208	IA	Collins Community	$46,614,753	$118,488,689	$51,828,697	$1,644,570,806
209	VA	Chartway	$46,461,512	$125,827,782	$27,614,989	$2,724,719,564
210	IA	Dupaco Community	$46,459,044	$138,518,436	$858,736,098	$2,935,348,878
211	MI	Vibe	$46,356,050	$127,071,002	$60,000,057	$1,185,277,927
212	NY	Advantage	$46,043,971	$77,926,751	$7,199,176	$458,047,628
213	CA	Pacific Service	$45,971,393	$65,698,889	$0	$1,377,357,673
214	PA	Belco Community	$45,668,690	$133,012,216	$0	$917,184,853
215	CO	Rocky Mountain Law Enforcement	$45,145,997	$58,341,890	$0	$314,241,140
216	SC	Founders	$45,132,761	$78,121,156	$0	$3,972,900,895
217	VT	New England	$44,435,267	$61,648,524	$1,603,757,078	$1,943,338,611
218	SC	REV	$44,142,464	$116,736,493	$192,615	$1,081,808,442
219	CA	SESLOC	$43,865,215	$51,581,266	$0	$1,213,671,907
220	GA	Robins Financial	$43,451,895	$86,142,994	$319,894,055	$4,036,140,612
221	OH	Telhio	$43,116,161	$66,611,178	$59,083,829	$1,368,960,962
222	ID	Potlatch No 1 Financial	$43,065,844	$51,776,668	$426,759,173	$1,992,110,555
223	CA	First Entertainment	$42,985,852	$94,004,987	$9,730,922	$2,083,353,882
224	OR	Northwest Community	$42,916,663	$137,598,595	$183,135,404	$1,811,453,247
225	MA	Leominster	$42,732,000	$86,720,378	$78,318,457	$859,364,160
226	CA	SAFE	$42,728,689	$80,979,988	$756,893,558	$4,362,690,039
227	TX	University	$42,520,943	$152,320,253	$2,148,646,194	$3,868,183,093
228	VA	Signature	$42,163,424	$107,715,431	$17,802,994	$365,620,079
229	WA	TwinStar	$42,156,637	$80,042,109	$312,819,702	$2,192,078,668
230	CA	Honda	$41,950,398	$63,146,563	$0	$1,109,355,924
231	CA	Financial Partners	$41,734,168	$154,629,579	$1,106,293,707	$2,233,823,406
232	PA	Utilities Employees	$41,180,743	$74,861,046	$0	$1,312,225,764
233	HI	Hickam	$41,035,169	$69,455,138	$0	$660,222,237
234	CA	CoastHills	$40,846,430	$42,200,164	$74,406,921	$1,768,659,194
235	IN	Forum	$40,570,883	$73,303,293	$985,935,148	$1,963,536,682
236	OH	Seven Seventeen	$40,262,765	$106,743,238	$163,042,575	$1,477,474,567
237	FL	USF	$40,250,098	$83,629,328	$37,711,221	$1,108,493,730
238	MN	Spire	$40,233,229	$71,244,149	$297,924,676	$2,153,756,633
239	NV	Greater Nevada	$40,064,248	$61,118,677	$51,888,304	$1,710,255,641
240	WI	Community First	$40,032,853	$76,563,576	$602,065	$5,167,752,169
241	NJ	United Teletech Financial	$39,999,468	$97,976,549	$0	$309,562,780
242	CA	Bay	$39,728,950	$41,347,508	$274,646,525	$1,636,244,503
243	WI	Educators	$39,514,814	$130,395,062	$791,996,849	$3,146,778,830
244	MA	St. Mary's	$39,486,961	$62,294,630	$38,817,475	$979,172,756
245	CT	Waterbury Connecticut Teachers	$39,481,952	$113,665,882	$0	$316,699,697

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Rank	State	Name of Credit Union	$ Originated 2nd Mortgages	$ Outstanding 2nd Mortgages	RE Loans Sold but Serviced by CU	Total Assets
246	WI	Fox Communities	$39,460,257	$62,863,879	$207,581,327	$2,628,268,442
247	MI	Community Choice	$39,108,759	$69,210,261	$3,887,135	$1,736,021,316
248	WI	Connexus	$39,075,168	$164,052,905	$123,840,309	$5,144,953,721
249	CT	Nutmeg State Financial	$39,030,865	$71,714,644	$0	$543,541,632
250	TN	Knoxville TVA Employees	$38,905,519	$47,876,037	$0	$3,713,639,437
251	CA	1st United	$38,762,851	$92,008,469	$0	$1,272,818,057
252	CA	Commonwealth Central	$38,486,459	$63,581,180	$0	$678,130,203
253	CA	Santa Clara County	$38,422,729	$104,231,365	$56,648,903	$987,628,065
254	TX	UNIFY Financial	$38,206,488	$89,486,820	$431,521,197	$4,136,640,058
255	PA	Philadelphia	$38,137,134	$130,443,084	$101,140,007	$1,619,393,600
256	WA	America's	$38,123,345	$58,428,037	$15,886,705	$703,876,248
257	KY	Commonwealth	$38,115,989	$135,744,852	$70,956,838	$2,017,659,689
258	DC	Congressional	$38,086,840	$81,645,974	$185,184,581	$1,228,533,862
259	MN	Hiway	$38,083,236	$75,294,937	$319,413,776	$1,700,158,009
260	CA	Partners	$37,607,291	$180,642,136	$918,084,594	$2,474,488,301
261	OR	Unitus Community	$37,060,986	$64,205,992	$575,045,678	$1,766,719,533
262	PA	People First	$37,036,190	$59,644,827	$0	$841,922,817
263	IL	Credit Union 1	$37,035,490	$55,412,615	$755,777,354	$1,397,805,201
264	MA	Webster First	$36,929,285	$54,435,899	$0	$1,326,077,268
265	FL	Pen Air	$36,893,400	$79,131,329	$0	$2,237,218,308
266	OR	Rogue	$36,890,936	$158,086,421	$623,431,773	$3,022,465,586
267	MI	Dort Financial	$36,880,672	$59,632,240	$67,866,767	$1,428,173,032
268	KY	Park Community	$36,636,822	$77,587,498	$0	$1,207,393,774
269	FL	Dade County	$35,931,663	$60,311,256	$0	$1,193,494,652
270	CA	Caltech Employees	$35,876,794	$53,565,659	$3,760,801	$2,026,542,071
271	OH	KEMBA Financial	$35,857,168	$116,575,234	$13,653,444	$1,958,190,032
272	IN	Notre Dame	$35,484,183	$87,368,102	$485,714,021	$1,043,794,037
273	WA	Horizon	$35,300,950	$58,979,598	$97,487,824	$2,006,213,986
274	MA	Merrimack Valley	$35,293,415	$73,293,517	$129,719,045	$1,324,333,274
275	TX	Air Force	$35,282,313	$114,994,044	$0	$610,400,295
276	AL	Avadian	$35,212,688	$99,757,003	$27,732,336	$1,211,472,939
277	MN	TopLine Financial	$35,183,455	$59,059,660	$350,433,490	$734,603,582
278	TN	Fortera	$35,073,581	$104,567,260	$4,187,367	$854,016,949
279	CA	Los Angeles	$34,802,500	$53,197,317	$12,843,331	$1,242,028,384
280	TX	Neighborhood	$34,773,404	$129,042,372	$21,894,721	$1,098,645,679
281	CA	SCE	$34,746,492	$46,280,939	$683,324	$989,764,256
282	CA	Los Angeles Police	$34,698,172	$54,991,403	$171,188,221	$1,393,635,576
283	FL	Community	$34,561,660	$103,930,982	$3,633,409	$1,081,750,710
284	CA	MyPoint	$34,399,700	$35,206,842	$9,276,623	$687,991,164
285	FL	Florida	$34,175,227	$63,871,222	$239,769,800	$1,908,562,139
286	WA	Red Canoe	$33,911,789	$43,758,790	$92,430,496	$1,197,015,667
287	CA	The Police Credit Union of California	$33,868,980	$65,545,425	$82,249,735	$1,087,206,917
288	TN	Y-12	$33,377,386	$61,241,128	$49,671,313	$1,803,648,941
289	VA	Member One	$33,221,900	$75,298,547	$0	$1,520,359,432
290	TX	InTouch	$33,196,541	$37,007,563	$1,969,708	$1,069,702,629
291	TX	Texans	$32,946,403	$53,703,139	$0	$2,133,459,121
292	AZ	Copper State	$32,929,263	$62,114,403	$86,513,805	$613,241,087
293	WA	WECU	$32,351,115	$44,025,730	$262,797,650	$2,635,824,646
294	MA	Jeanne D'Arc	$32,244,577	$61,643,564	$115,281,614	$1,952,928,845
295	MI	Honor	$32,225,546	$57,219,088	$583,802,277	$1,557,317,430
296	NH	Bellwether Community	$32,224,200	$64,649,147	$62,555,255	$589,809,607
297	NY	Island	$32,160,245	$174,734,213	$212,143,142	$1,421,421,712
298	PA	Benchmark	$32,157,158	$48,219,381	$0	$308,312,154
299	NY	The Summit	$31,845,505	$90,848,945	$189,719,921	$1,265,258,342
300	OR	Oregon State	$31,819,015	$55,645,011	$238,754,799	$2,147,954,196

SET YOUR CREDIT UNION UP FOR SUCCESS IN 2023

None of us know for sure what the future holds. Based on current market conditions it looks like the 2023 mortgage market may be more challenging than in recent years. But don't panic — prepare. Here are some things to consider as you plan for the year ahead.

- ✓ Continue to expand your product set.
- ✓ Utilize your balance sheet to gain market share.
- ✓ Consider moving to a variable cost structure in a tough market.
- ✓ Utilize a data provider to help analyze your membership.
- ✗ Be careful to not create liquidity challenges. Sell new production as needed.

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