

PIPELINE

MAGAZINE



WINTER 2021

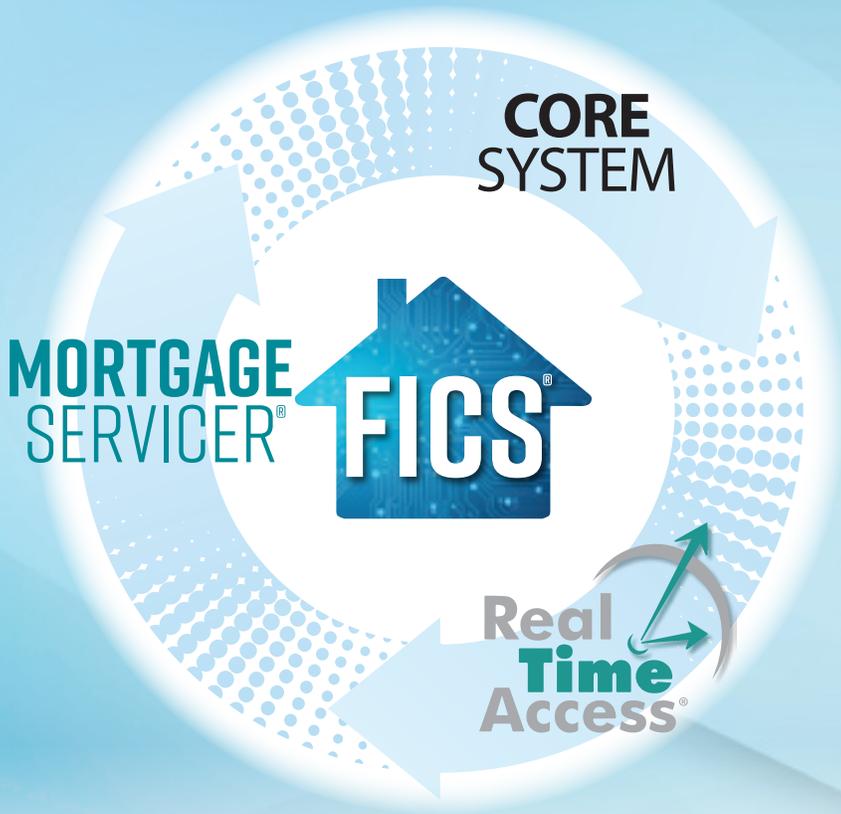
HOW TO BRING THE
DREAM OF HOMEOWNERSHIP
TO A WIDER, MORE DIVERSE
MEMBERSHIP

GROWING THE TREE OF DIVERSITY



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ORGANIZATION

Tracy Ashfield

President
tashfield@acuma.org

Bob Dorsa

Co-Founder and Senior Advisor
bob.dorsa@acuma.org

Krista Korfmacher

Member Service Manager
krista@acuma.org

Tom Burton

Pipeline Editor

Tom Senatori

Pipeline Art Director

Learn more at acuma.org

Toll-free: (877) 442-2862

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WHO WE ARE

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

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

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

OUR CORE VALUES

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



**A MESSAGE FROM THE
ACUMA PRESIDENT**

Tracy Ashfield

A Year Like No Other

*What We Learned in
2020 We Can Apply
to 2021 and Beyond*

By Tracy Ashfield



As I write this column, the “memorable” year of 2020 has been receding in my rear view mirror. It’s been a year that will find a special place in history books, mostly for tough times.

The Covid-19 pandemic certainly had a lot to do with it; it really disrupted our industry. But as difficult as the disruption was, it also acted as a catalyst for positive change.

Every lending executive I have spoken with—without exception—has talked about the extraordinary efforts their teams produced in order to ensure that the doors to their shops—virtual or otherwise—remained open and ready to help members with their home-financing needs.

Throughout a most challenging year we talked about the impact on our lending business of working remotely, especially during the hottest home financing market since 2003. We managed to sustain ourselves on video calls and virtual learning opportunities.

Among its members ACUMA has seen consistent and high demand for our virtual programming. That’s certainly good news. But what have we missed?

WHAT I MISSED IN 2020

I have missed many things during the past year. Among them are:

- Witnessing first-hand our members networking during events, learning from each other and collaborating on ideas that help each other grow.
- Sitting at the breakfast or lunch table at a workshop or conference and participating in (or simply listening to) dynamic conversations about everything from how best to structure a departments to how to implement a new construction loan program.

- Collaborating openly and honestly—seeing that sincere willingness to share with each other, even among competitors. It is one of the best things that make credit unions unique.

With pipelines overflowing and overworked staff members needing to take a break from time to time, it seems there has been very little time for connecting with peers.

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With pipelines overflowing and overworked staff members needing to take a break from time to time, it seems there has been very little time for connecting with peers.”

ROLE OF BUSINESS PARTNERS

Sadly, I know we’ve also missed the chance to learn from, and network with, business partners. When was the last time you shared a meal or a cup of coffee with one of your mortgage insurance partners?

The teams that help run our business partners’ companies are filled with industry thought leaders, many of whom are able to see the

mortgage industry through unique lenses.

And although your peers may all be fellow lenders, each of you have your own unique story to tell, too. And with that are ideas for ways credit unions can continue to move the market-share needle higher.

ACUMA IN 2021

So what does this all mean for ACUMA?

Very simply, we are eager to come together with our members in the fall of 2021 at the beautiful Gaylord Hotel at National Harbor, Maryland, along the banks of the Potomac River. Once there, we want to again offer the face-to-face networking you have told us is invaluable to you.



Throughout the year we're also going to roll out more ways for you to interact with each other and get 'up close' to industry thought leaders for impactful dialogue.

But we can't wait until September to renew ties. We need to focus now on keeping those connections alive and well, and making new ones. We'll help you reach out.



ACUMA continues to bring you timely and relevant educational opportunities, but throughout the year we're also going to roll out more ways for you to interact with each other and get "up close" to industry thought leaders for impactful dialogue.

Now back to those history books I mentioned earlier. Just as most of the paper in the mortgage process has gone digital in 2020, I predict the history books that record everything that occurred will go digital too—as e-books!



Tracy Ashfield is the President of ACUMA. She can be reached at tashfield@acuma.org or (877) 442-2862.



A MESSAGE FROM THE ACUMA BOARD

Barry Stricklin



Pivoting to Help You Move into the Digital World of Mortgage Lending

ACUMA Succeeds in Response to Member Needs in 2020

During a tumultuous year in 2020, ACUMA's Board of Directors faced difficult decisions on how to proceed. The safety of our members was at the top of the list, but we struggled with cancelling our workshops in the spring, and when it became apparent the pandemic wasn't going to go quietly, the annual conference in the fall.

Our mission of education and networking is so interwoven with collaboration and supporting each other, that each board member was saddened by the reality of putting face-to-face meetings on hold.

Not only were we dealing with ACUMA's future, of course, but that of our own credit unions. Like you, our members, we did what had to be done.

But that said, I feel I speak for the Board in saying that ACUMA—especially the staff of President Tracy Ashfield, Senior Advisor Bob Dorsa and Member Service Manager Krista Korfmacher—did a tremendous job of pivoting the organization to virtual learning formats and continuing to provide educational opportunities and online interactions.

In a matter of weeks, ACUMA ramped up our series of live Webinars; added online workshops that included roundtables, case studies and leader in-

terviews; and created podcasts on a variety of important (and often pandemic-related) topics. Then we presented a two-day virtual conference with a full slate of sessions and a varied group of industry thought leaders and many other experts on such important areas as compliance, marketing and compensation.

Not only did ACUMA provide these needed services and events to our members, we did it at no cost, thanks to the continuing support of our sponsors.

SUCCESSFUL YEAR FOR ACUMA

I call that a very successful year.

We helped members stay on top of

developments with a series of year-round programming events covering pressing topics, including remote work options and related security issues.

We explored forbearance changes, remote notaries and e-closings, for example—areas in which the pandemic was forcing regulatory and legislative actions impacting your credit unions and your members.

Our virtual conference included roundtable discussions on business recovery strategies, succession planning, remote appraisals and hiring and staffing best practices, among so many other topics.

We made our conference sessions, regulatory alerts, podcasts and more available on our website for members to access 24/7.

Our Digital Mortgage Showcase, a month-long series of presentations by industry leaders, brought opportunities for learning about the latest in technology for mortgage lending—a window into the future, if you will, and a necessity for credit unions that intend to compete in the years ahead.

Yes, I call that a successful year indeed.

While we hope for a return to our popular in-person events some time in 2021, ACUMA will continue providing educational and networking opportunities year-round through all of our available channels.

In fact, we will be expanding our offerings under new names, some of which you will recognize:

- **Power Stations:** Free online presentations on mortgage lending to help you in your business.
- **Lightning Rounds:** Online conversations on relevant topics with mortgage industry thought leaders.
- **Power Sharing:** Case Studies by ACUMA sponsors showing the value products and services bring to specific credit unions.
- **Pipeline Power:** Twice-a-year in-



Not only did ACUMA provide these needed services and events to our members, we did it at no cost, thanks to the continuing support of our sponsors. I call that a very successful year.



help you do it.

Hang in there, everyone. 

Barry Stricklin serves at 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.

■ WHAT DOES THE ACUMA BOARD DO?

It Provides Guidance for the Non-Profit Association

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

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

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

The time commitment for a Board

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

WHO IS ELIGIBLE FOR A BOARD SEAT?

To be eligible for a Board position, you must:

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

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

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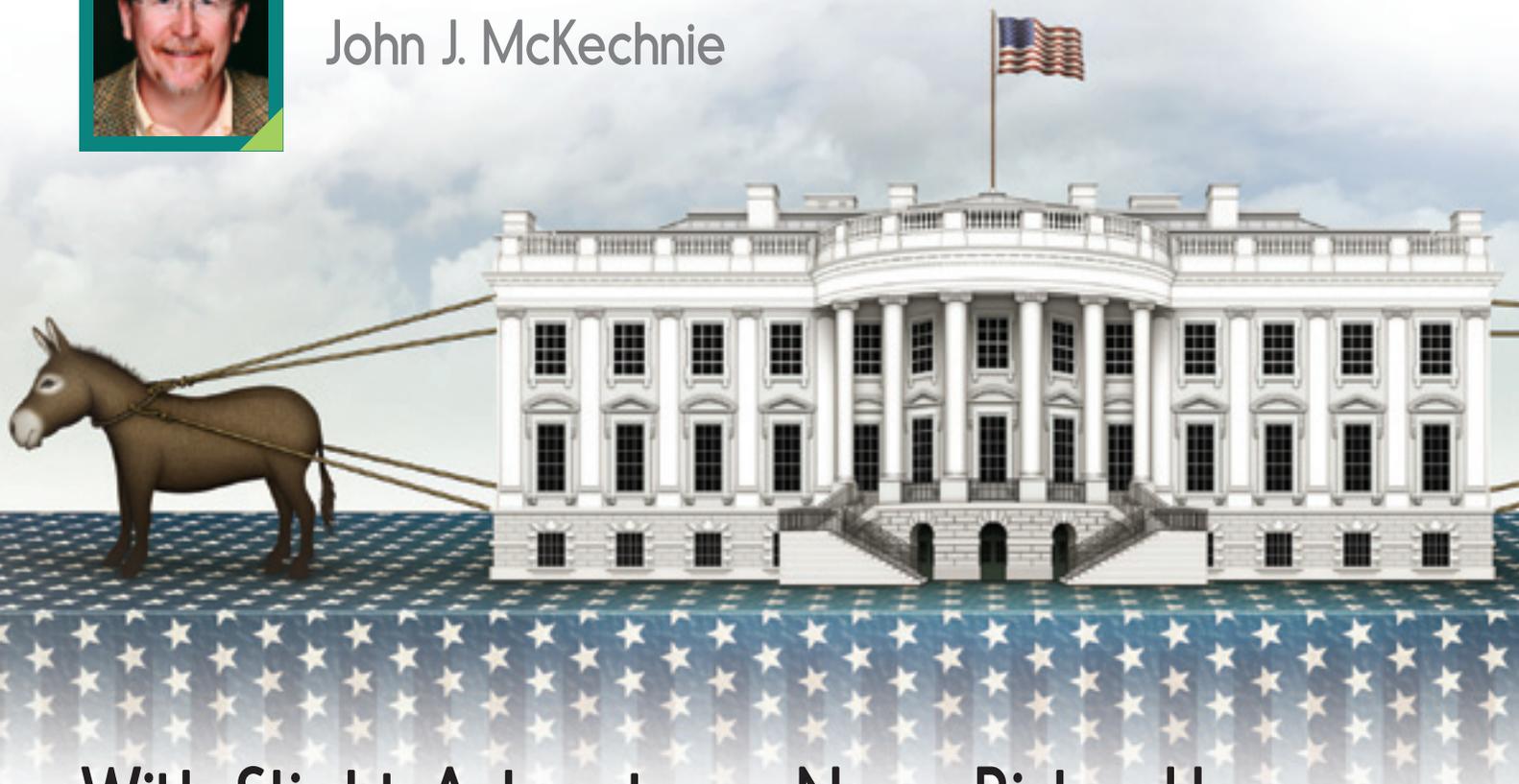
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REGULATION & LEGISLATION

John J. McKechnie



With Slight Advantage Now, Biden Has a Chance to Put His Stamp on Housing Policy

By John J. McKechnie

The Biden administration took office in January, and with the surprise Democratic sweep of both Senate seats in Georgia, it means that, for the first time since 2010, Democrats will control both chambers of Congress as well as the Presidency.

While those majorities are narrow in both Chambers, they are significant in that they provide incoming President Joe Biden with an opportunity to put his stamp on policy.

Specifically, Senate control for Democrats means that Biden will have more latitude with appointments, including those that will shape the debate over housing finance issues in Washington.

Credit unions would be wise to pay close attention to possible changes to GSEs and the mortgage finance space, particularly concerning access to the

secondary market.

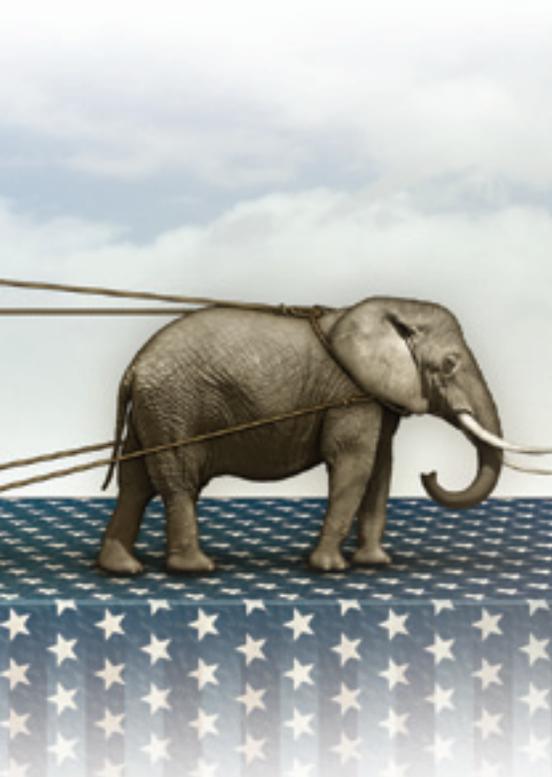
Here are a few items for credit union lending professionals to consider:

GSE Conservatorship Conflict: The most important factor regarding possible GSE reform is FHFA Director Mark Calabria, or more specifically, his ability to stay in office until his term ends in April 2024. The Biden ad-

ministration may seek to force him out earlier, but their ability to do so hinges on a case pending before the Supreme Court that is expected to be decided in June.

According to congressional sources, housing finance expert Mark Zandi and Wharton School of Finance Professor Susan Wachter are on Biden's short list to replace Calabria if the high court decides he can be replaced before his term is finished.

Actions already underway by Calabria are likely to create tension with the new Administration, according to senior Hill Democrats with ties to the incoming Biden team. These include the new Fannie/Freddie capital rule, issued last November 18, and changes



to the GSE's agreement that sweeps quarterly profits back to Treasury.

These moves by FHFA were widely seen as an attempt to accelerate the GSE's release from conservatorship before President Trump's term ended.

GSE reform will not be a Biden priority, but stopping Calabria's efforts to end Fannie/Freddie conservatorships will be. In the event Calabria remains in office past next year, Biden will likely issue executive orders and advisory bulletins to check Calabria's reform plans.

Potential FHLB Impacts: The 11 Federal Home Loan Banks are also affected by the GSE reform drama. Even if Calabria stays put, the Biden administration will likely pressure FHLBs to promote minority homeownership, minority depository institutions (MDIs) and CDFIs.

This in turn could reduce available FHLB liquidity, something that may have an unintended impact on credit

unions and small banks. As one senior FHLB executive stated, "If affordable housing goals become a driver, small lenders will have to compete with affordable housing interests in a way they never have before."

Affordable Housing Expansion: On a related note, Biden has discussed a plan to increase the supply of affordable housing. Biden will be enthusiastically joined in this by both House Financial Services Chairman Maxine Waters and incoming Senate Banking Chairman Sherrod Brown, both of whom have supported the establishment of a \$100 billion Fannie/Freddie Affordable Housing Fund to upgrade affordable housing stock.

Credit unions should watch for a rollout of an administration blueprint next year to further this goal, including incentives aimed at inducing financial institution participation in the Housing Fund.

Credit Scoring Oversight: Of significant interest to mortgage-lending credit unions will be the creation of the Public Credit Reporting Agency, a new function housed in CFPB that would provide consumers with a government option for credit scoring.

“The most important factor regarding possible GSE reform is FHFA Director Mark Calabria, or more specifically, his ability to stay in office until his term ends in April 2024.”



“Of significant interest to mortgage-lending credit unions will be the creation of the Public Credit Reporting Agency.”



Incoming President's Economic Team: Meanwhile, the Biden economic team continues to take shape. First and foremost (in this and every administration) is the Treasury Secretary pick. Biden has announced former Fed Chair Janet Yellen as his nominee, a move that was widely seen as a nod to stability and experience. Other choices are:

- Labor economist and Clinton/Obama administration veteran Cecilia Rouse for chair of the Council of Economic Advisers.
- BlackRock executive Brian Deese for director of the National Economic Council. Deese had served in the Obama National Economic Council as senior advisor on financial regulatory policy.

- Rep. Marcia Fudge (D-OH) as HUD Secretary. Although she represents an urban district, Fudge has taken an interest in rural issues, including housing, during her seven terms in the House.

WILL IT BE THE STATUS QUO?

Most congressional observers predict intra-party tension in Democratic ranks between the more activist left and cautious moderates.

It is clear that FHFA Director Calabria's grand plans to end Fannie/Freddie conservatorships will be delayed, if not derailed. It is not clear what the day-to-day impact will be on mortgage lending.

In other words expect a stalemate, and a new housing finance/secondary market that looks a lot like the current one.

Status quo, anyone? 

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

Amanda Phillips

Concern Over VA Refinance Loan Advertising Practices Leads to CFPB Consent Orders

Time limit loan availability
Eligibility Notification
Skip payments
Cash-out refinance mortgage loans



In the years leading up to the recent wave of consent orders from the CFPB related to VA mortgage loan advertising practices, the CFPB, VA and Mortgage Bankers Association (MBA) had all been vocal about concerns related to VA refinancing practices.

In November 2017, the Consumer Financial Protection Bureau (CFPB) and U.S. Department of Veterans Affairs (VA) issued a joint warning order to veterans regarding unsolicited refinance mortgage loan offers that “appear official” and sound “too good to be true.”

In 2018, Congress included in The Economic Growth, Regulatory Relief, and Consumer Protection Act of 2018 (the Growth Act) provisions designed to protect veterans from “loan churning” or “serial refinancing.” The VA published policy guidance via Circulars 26-18-13, dated May 25, 2018 and 26-20-16, dated April 20, 2020.

Ultimately, the VA’s expectations of lenders included self-identification, review, cure and quarterly reporting of Interest Rate Reduction Refinancing Loans (IRRRL) loans that did not com-

ply with the Growth Act and VA policy.

About a year after the passage of the Growth Act, the Mortgage Bankers Association sent a letter to the VA addressing the MBA’s concern regarding potentially deceptive advertising of VA refinance mortgage loans. In the letter, MBA stated that such “solicitations can be very harmful to veterans, as they may lead them to obtain refinances that they do not fully understand or are not in their financial interest. MBA therefore encourages VA to use its existing authorities to deter these misleading

solicitations in accordance with its mission to ensure appropriate consumer safeguards in its home loan program.”

In particular, echoing concerns of the CFPB and the VA in their joint warning order, the MBA noted as troublesome advertising practices (1) language or symbols such as logos or stamps to imply affiliation with, or endorsement by, the federal government, (2) the presentation of a false sense of urgency or a strict deadline for the consumer to act, and (3) misleading descriptions of interest rates or other loan terms, including representing an adjustable-rate loan as a fixed-rate loan or promising the ability to skip one or more payments.

CONSENT ORDERS ISSUED

Starting in late July 2020, the CFPB began issuing consent orders against lenders regarding direct mail advertising practices for VA refinance mortgage loans. The consent orders resulted from what the CFPB referred to as an “ongoing sweep of investigations” regarding

the use by mortgage companies of “deceptive mailers to advertise VA-guaranteed mortgages.”

By the end of October 2020, there were a total of nine consent orders involving the following lenders and civil money penalty amounts: Accelerate Mortgage, LLC (\$225,000), Clear Path Lending, Inc. (\$625,000), Go Direct Lenders, Inc. (\$150,000), Hypotec, Inc. (\$50,000), Low VA Rates, LLC (\$1,800,000), PHLoans.com, Inc. (\$260,000), Prime Choice Funding, Inc. (645,000), Service 1st Mortgage, Inc. (\$230,000), and Sovereign Lending Group, Inc. (\$460,000).

In the consent orders, the CFPB found violations of Regulation Z advertising requirements, the Mortgage Acts and Practices Advertising Rule (the MAP Rule or Regulation N), and the Consumer Financial Protection Act (CFPA).

The CFPA authorizes the CFPB to pursue unfair, deceptive or abusive acts or practices. Similar to the concerns noted in the joint warning order from the CFPB and the VA and in the letter from MBA, the CFPB’s findings in the consent orders include “false, misleading and inaccurate representations” about credit terms and the availability of loans under the VA mortgage loan program, the inability of consumers to obtain the advertised terms, and falsely representing an affiliation with the federal government (which is prohibited by the MAP Rule).

With regard to the inability of consumers to obtain advertised terms, based on a comparison of actual loans made and rate sheets, the CFPB determined advertisements included simple interest rates and annual percentage rates that creditors were not prepared to actually offer to consumers.

EXAMPLES CITED BY CFPB

Examples of false, misleading or inaccurate representations cited by the CFPB include:

- Advertisements for cash-out refinance mortgage loans disclosed a monthly payment based on only the cash-out amount and not the full

loan amount.

- Advertisements that used the word “fixed” in various ways to describe a variable-rate mortgage loan.
- Advertisements that falsely suggested time limits on the availability of loans under the VA mortgage loan program.
- Advertisements that disclosed an escrow refund amount that was calculated using a methodology that had no relationship to the actual escrow refund a consumer would receive. Additionally, the consumer had to fund a new escrow account with the refinance loan.
- Advertisements that claimed the consumer could skip one or more payments, but did not disclose specific timing requirements or that the skipped payments would be financed into the new mortgage loan.

Examples of false representations of affiliation with the federal government cited by the CFPB include:

- An advertisement that included “2017 – Eligibility Notification” and “Benefit Allotment” in the header of the advertisement, and in the body of the advertisement there were statements that the lender had “important information regarding your VA loan” or that the lender had “records” that the consumer had “yet to take advantage of programs sponsored by The Department of Veteran’s Affairs.”
- Advertisements that used phrases like “IRRRL – Benefit Allotment,” “VA-1211 Benefit Allotment Notice,” “Form 21-0760 Eligibility Notification” or “Understanding your VA Benefit Statement.”
- Advertisements that contained a Reference Number, and were printed on light green paper similar to the light green paper that the VA has used for Certificates of Eligibility, which contain a Reference Number.
- Advertisements that used formats, symbols, QR codes, or logos resembling those used by the Federal Deposit Insurance Corporation and the Internal Revenue Service.

Although certain advertisements included a disclaimer that the lender was

not affiliated with the government, the CFPB found the disclaimer was to be inadequate because it was in fine print or did not appear on the first page of the advertisement.

The characteristics of the advertisements cited by the CFPB in the eight consent orders as the basis for its findings that the advertisements misrepresented a government affiliation deserve close attention because they indicate that the CFPB takes an expansive view of what constitutes such a misrepresentation. Certain consent orders prohibit the lender from using various terms in advertisements, including the term “VA loan specialist.”

While, the CFPB’s focus in this area reinforces the need for all lenders to carefully review their advertisements to avoid the regulatory violations and the other issues that the CFPB found to be problematic, credit unions are in a unique position.

By knowing and understanding that these types of advertisements are being sent to their members, credit unions can help educate their members and assist them in obtaining the mortgage that is right for them. ▲

SEE RELATED ARTICLES

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Amanda Phillips is a lawyer with national law firm Ballard Spahr, LLC. She advises clients on federal and state regulatory requirements governing mortgage lending, including business processes and practices, software and documents. Before joining Ballard Spahr, Phillips spent 10 years as in-house counsel for a leading mortgage origination software platform and a national mortgage lender.

Update: The Risk of 'People Helping People'

The Summer 2020 edition of Pipeline magazine included an article titled "The Risk of People Helping People"¹ that discussed the potential elevated credit risk due to credit unions granting payment deferrals to millions of members impacted by Covid-19.

That article discussed the results of a nationwide study, known as the Forbearance Risk Assessment (FRA) that FHN Financial Capital Assets began in March to assess the potential risk associated with increases in payment deferrals. The FRA tracked variables such as the number of members entering a payment deferral plan, the characteristics of the deferred loans, including their risk profile, and a variety of other variables as granular as the industry in which the member worked.

At the time of publication, the FRA data indicated that the degree of elevated credit risk was very manageable, but also warned that the risk profile could change depending on future developments. Dozens of credit unions around the country are participating in the FRA study, allowing Capital Assets to continue to track payment deferral and forbearance activity, and to receive feedback from many different credit union managers.

This article provides readers with an update of the FRA study data, including emerging trends since June 2020.

By Rachael Leamon
FHN Financial Capital Assets

As reported midyear in 2020, credit unions helping members in need is not a new concept. What was new, and continues to be since the Covid pandemic began, is the large number of members who have reached out for payment assistance.

Anytime a borrower requests a deferral of their loan payment, there is the potential for elevated credit risk.

The original midyear 2020 data set was made up of 161,655 residential mortgages for a total balance of \$35 billion. The loans in the initial data set were located across 49 states, representing a good diversity as to the regional impact of the pandemic on mortgage payment deferrals.

Throughout the summer and into the third quarter, the FRA data set has continued to grow, doubling in size and adding another \$45 billion in loans, placing the total data set at \$80 billion and containing loans from all 50 states.

JUNE TO SEPTEMBER CHANGES

One of the key variables being tracked within the FRA study is the percentage of Covid-19 payment deferrals on owned loans, and the percentage of forbearances on sold loans out of the total residential loan portfolio.

Deferral rates are tracked two ways: 1) percentage by loan count, which identifies the number of instances of deferment in the portfolio, and 2) percentage by dollar balances. The balance

distinction is important because we've found through three quarters of FRA analytics, loans requesting payment deferrals are typically larger balance loans.

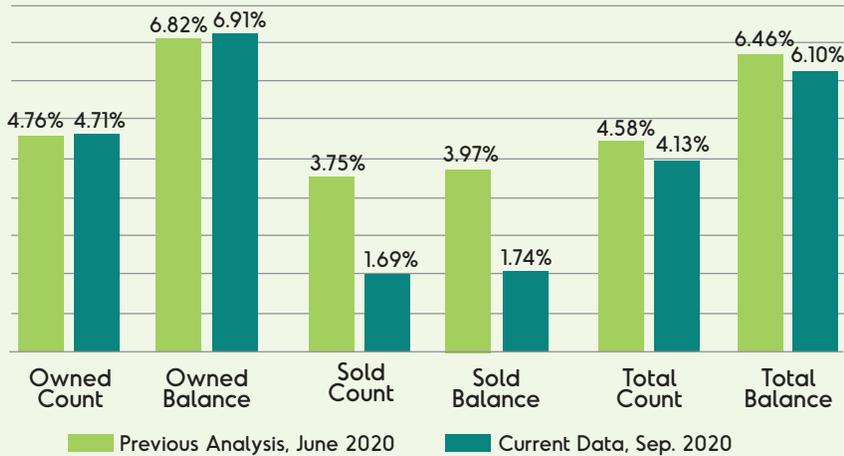
The trends indicate that most credit unions are experiencing a small number of new payment deferral requests. We can't say that we are totally out of the woods, but it appears that the likelihood of a material increase is low, barring some major change that would cause a nationwide Covid-19 lockdown.

Owned portfolios have maintained a stable level of payment deferrals since June, up slightly from 6.82% to 6.91%. The largest change has come from the portfolio of sold loans.

In the second quarter 2020, roughly

DEFERMENT PERCENTAGE OF LOANS ANALYZED

By Loan Count vs By Current Balance



Source: FHN Financial Capital Assets Corp.

3.97% of the sold loans being serviced had requested forbearance. At the end of the third quarter, the sold loan portfolio declined to 1.74%.

Credit unions continue to have far better performance on their sold loans compared to Fannie Mae and Freddie Mac's overall portfolio, whose most recent updated figures are around 3%.

In addition to monitoring the declining rate of payment deferrals, we also looked for changes in the underlying characteristics of payment deferral loans since June. Below is a snapshot of the composition of payment deferrals/forbearances within mortgage portfolios as of June vs. September.

As we found in June, loans that have entered a payment deferral plan have a slightly higher risk profile compared to the remaining portfolio. With few exceptions, the deferral loans had a higher balance, lower credit score, lower liquidity grade, poorer credit risk-layering, and slower historic pay histories "before" March.

The good news is that the updated LTV of these loans continues to be conservative—around 70%, although we are seeing a slight increase in loans with an LTV greater than 80%.

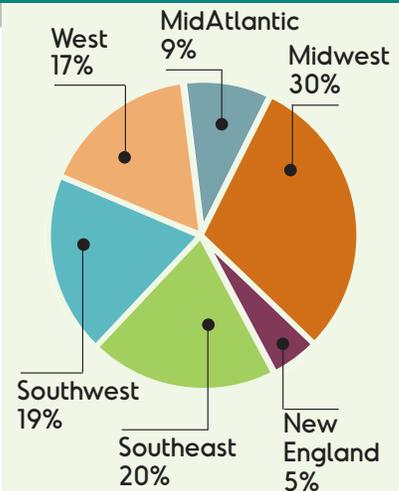
Deferment loans also continue to be

slightly older at 41 months compared to non-deferment loans, which average about 35 months of seasoning. (Note: The average age of all mortgage portfolios is shortening rapidly due to the very high instance of refinancing that continues to occur.)

REGIONAL DEEP DIVE

In addition to the aggregate data, we've looked at some breakouts by geographic region. The data set from portfolios we have reviewed has the largest number of payment deferrals in the Midwest, followed by the Southeast and Southwest.

DEFERRED LOANS BY REGION



Source: FHN Financial Capital Assets Corp.

When taking a closer look inside each region's data, we see that the West has the highest level of payment deferrals by both loan count and balance, at 5.88% and 7.84% respectively. The Mid-Atlantic has the lowest levels for both at 4.15% and 5.38%.

While there is some variance by region, there aren't any significant differences.

PERCENTAGE OF DEFERMENTS WITHIN PORTFOLIOS

Region	By Loan Count	By Loan Balance
Nationwide	4.71%	6.91%
Midwest	4.88%	7.14%
Southwest	4.71%	6.56%
Southeast	4.25%	7.20%
West	5.88%	7.84%
Mid-Atlantic	4.15%	5.38%
New England	5.39%	6.46%

Source: FHN Financial Capital Assets Corp.

PAYMENT DEFERRAL LOANS

Composition of payment deferrals/forbearances within mortgage portfolios as of June vs. September

Product Type	%Of Total	Loan-To-Value*			Seasoning		Balance		
		Amort. Avg.	Orig. Avg.	Amort. 80%+	Avg.in Mos.	%Below 3 Years	Curr Average	% Over \$510,400 Orig	% Over \$1.5M Curr
JUNE DEFER	6.46%	69%	76%	22%	40	54%	317,019	55%	8%
SEPT DEFER	6.10%	70%	77%	25%	41	54%	311,128	55%	9%

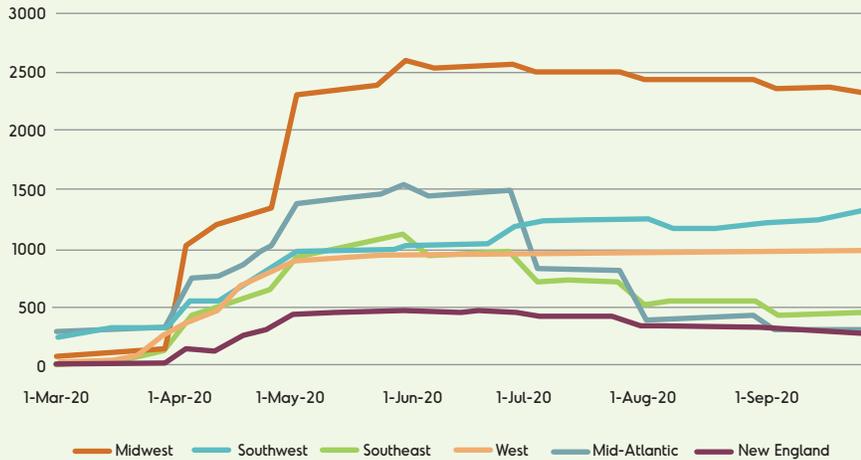
Product Type	Current/Historical DQ		Occupancy			Credit Score*			Purpose Code				
	0	30+	0/0	2ND	NOO	% With Score	% < 620	% > 700	Avg Score	Purch	Refi-Cash	Other-Not Out	Coded
JUNE DEFER	90%	10%	93%	3%	3%	92%	3%	24%	739	54%	18%	27%	18%
SEPT DEFER	82%	18%	93%	4%	3%	76%	3%	75%	737	56%	19%	24%	0%

Source: FHN Financial Capital Assets Corp.

The “run rate” illustrates the trend over time in active payment deferrals and forbearances.

The Midwest saw the quickest spike in payment deferral loans and continues to have the highest current active level. The New England region has had the lowest ongoing payment deferral levels, while the Mid-Atlantic has experienced the quickest drop in active deferrals loans.

PAYMENT DEFERMENTS RUN RATE BY REGION



Source : FHN Financial Capital Assets Corp.

A profile of the composition of deferred loans within each region is included below.

Once again, there are not any dramatic differences between regions, but some of the data points are interesting.

Deferred loans in the New England and Mid-Atlantic regions represent the most seasoned loans and have the lowest average balance. The West region has the highest average balance at \$450,053. The Southeast has a high percentage of historically delinquent loans at 34%. The credit scores are well clustered in the low-to-mid 700s.

DEFERRED LOANS BY REGIONS

Region	Amort LTV	Age in Mos.	Curr Avg	Hist DQ	Avg Score	CRLA Score
Nationwide	70%	41	311,128	18%	737	0.51
Midwest	74%	39	301,231	12%	738	0.56
Southwest	64%	43	352,859	20%	741	0.41
Southeast	76%	33	399,213	34%	733	0.80
West	66%	34	450,359	9%	737	0.46
Mid-Atlantic	66%	64	163,275	12%	734	0.36
New England	71%	52	206,473	31%	725	0.42

Source: FHN Financial Capital Assets Corp.

INITIAL DEFERMENTS VS. EXTENSIONS

Of the Covid-19 payment deferral loans that were part of our study, almost half of them entered their deferment period in April. A three-month grace period was the most common payment relief structure.

FRA study participants provide Capital Assets an updated loan database each quarter, which now includes information on extensions.

Not all study participants have reported third-quarter 2020 deferral extensions, but based on the roughly two-thirds that have, approximately 30% to 35% of initial borrowers under a payment deferral plan have been granted an extension. The lowest instance of extensions reported for a single study participant was 6% and the highest was 72%.

We will closely monitor fourth-quarter 2020 activity to track new payment deferral and extension requests to see if these relatively high instances of extensions continue.

CREDIT PROFILE OF INITIAL FORBEARANCES VS. EXTENSIONS

As the initial payment deferral loans reached the term of the agreement, we begin to focus on the characteristics of the extension loans to determine how they differ from payment deferral loans that did not request an extension.

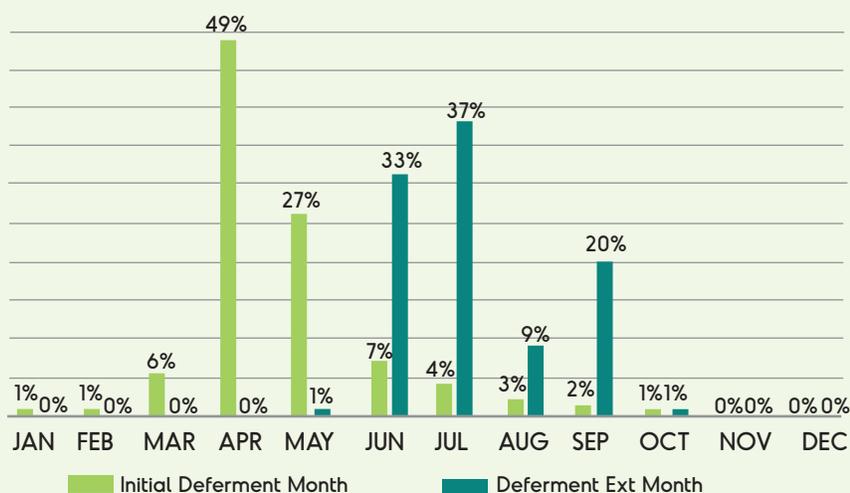
Payment deferral loans are a subset of the total portfolio. Deferral extensions are a subset of that subset.

An analysis of the extension loans revealed that they have a higher current LTV, a larger average balance, more instances of historical delinquency pre-pandemic, and a lower credit score as compared to payment deferral loans that did not request an extension. All those variables roll up to give deferral extensions a slightly higher Credit Risk Layering score of 0.72 vs. the 0.51 score of a loan that did not request an extension.

POTENTIAL CREDIT LOSSES

As mentioned in the Summer 2020 Pipeline, Capital Assets has decades of

TIMING OF DEFERMENTS



Source: FHN Financial Capital Assets Corp.

DEFERRED LOANS INITIAL REQUESTS vs EXTENSIONS

	Amort LTV	Age in Mos.	Curr Avg	Hist DQ	Avg Score	CRLA Score
Nationwide	70%	41	311,128	18%	737	0.51
Initial Defer Only	70%	41	323,972	17%	737	0.51
Extended	72%	35	333,878	41%	718	0.72

Source: FHN Financial Capital Assets Corp.

experience conducting loan analysis, but until March, zero experience estimating losses due to a pandemic. As the data set has grown larger and more diverse and we have more experience tracking Covid-19 deferral behavior—

including feedback from FRA study participants—we have been able to calibrate the models to produce what we believe to be a more realistic estimate of credit losses.

The two main drivers when predict-

ing credit losses are the number of loans that will go into default and the loss severity if a default should occur. For loss severity, we reference data from RealtyTrac, which tracks foreclosure discounts nationally. For default probability, we segment loans based on quality.

Capital Assets' credit models have historically segmented loans into six liquidity grades, A-F, based on liquidity and credit characteristics. We have applied that same approach to the data below. To date, the credit quality of most deferral loans within portfolios remains very strong with 65% of the loans as of September being either A or B grades.

During the initial phase of the FRA study, we assumed liquidity grades A-C would have a 5% probability of default, which is the default rate we would assign for a C grade loan in a normal world. As we have tracked the behavior of Covid-19 induced payment deferral loans, we found the risk profile of A and B grades was considerably better than originally assumed.

For example, a material number of the loans in the A and B liquidity grades continued to make regularly scheduled payments even though the borrower had the option to skip payments.

Property values overall have remained very strong, as well as the overall credit characteristics of that subset.

LIQUIDITY GRADE

	A	B	C	D	E	F	TOTAL
JUNE							
% of Deferred Total	27%	47%	17%	0%	7%	2%	100%
Default Assumption	5.00%	5.00%	5.00%	15.00%	35.00%	100.00%	9.00%
Loss Severity	-7.28	-12.67%	17.60%	-54.92%	-11.58%	-13.16%	-12.04%
Est. Lifetime Net Losses	-0.77%	-1.00%	-2.24%	-15.98%	-7.62%	9.49%	-1.81%
SEPTEMBER							
% of Deferred Total	21%	44%	33%	0%	1%	0%	100%
Default Assumption	1.00%	2.00%	5.00%	15.00%	35.00%	100.00%	3.63%
Loss Severity	-6.73%	-10.77%	-14.83%	-59.28%	-11.51%	-11.98%	-11.38%
Est. Lifetime Net Losses	-0.16%	-0.37%	-2.10%	-13.80%	-7.94%	-10.07%	-1.06%

Source: FHN Financial Capital Assets Corp.

For these reasons, we reduced the default assumption to the levels in the chart above, which has led to lower estimated losses.

WHERE THE NEEDLE IS POINTING

With nine months of activity under our belt, we can draw some conclusions as to where the needle is pointing:

- First, it appears the instance of new payment deferrals is near peak. New requests for deferrals will likely continue to trickle in, but absent a major shelter-in-place lockdown being implemented again, the majority of Covid-19 induced payment deferrals has already occurred.
- Second, payment deferral loans continue to have a slightly weaker credit risk profile before the pandemic compared to the loans that never requested a deferral.
- Third, the payment deferral loans that have requested an extension have a slightly weaker credit risk profile compared to the payment deferrals that did not request an extension.
- Fourth, the loans most likely to become a problematic credit will be some subset of the payment deferrals requesting an extension. Early indications are this segment is near one-third of total payment deferrals.
- Lastly, the risk associated with extended-deferment loans continues to be very manageable due to their relatively strong credit risk profile, which is additionally mitigated by a strong housing market.

Capital Assets will continue the FRA study until this issue is clearly in the tail lights, which we estimate will be around mid-2021.

REGULATORY DEVELOPMENTS

An additional development since June has been the ever-increasing focus of regulators on deferred loans. In August, the regulatory agencies issued Interagency Guidance on prudent risk

management and consumer protection principals when dealing with Covid-19 deferment loans (August 3, 2020, “Joint Statement on Additional Loan Accommodations Related to Covid-19”).²

The guidance instructs institutions to put in place effective tools for monitoring and managing loans that receive Covid-19 accommodations. Below is a list of significant guidelines in the advisory:

Page 3: “Effective management information systems and reporting helps to ensure that management understands the scope of loans that received an accommodation ... when the accommodation period ends, and the credit risk of potential higher-risk segments ...”

Page 4: “When a financial institution considers whether to offer additional accommodation options to a borrower ... assess each loan based on the fundamental risk characteristics of that particular credit.”

Page 3: “Sound credit risk management includes applying appropriate loan risk ratings or grades and making appropriate accrual status decisions ...”

Page 5: “According to GAAP, loans are to be segmented into a separate portfolio when they share similar risk characteristics for the purposes of estimating credit losses ...”

The FRA has proved to be an insightful research tool that not only provides important industry trends for all participants, but gives each credit union meaningful data for managing credit decisions and documenting risk management strategies related to payment deferral/forbearance requests and extensions.

CONCLUSION

As vaccines begin to be approved and distributed, the impact of Covid-19 should subside in 2021 and subsequent years. However, if 2020 has taught us anything, it is that “anything” can happen.

That is why we believe it is prudent to continue to track, monitor and estab-

lish programs to manage and minimize the exposure to the loan portfolio from the impact of Covid-19. It is imperative that you document what you are doing and how you are doing it, and have a plan in place to manage any loans that go into default.

For now, at least, the exposure to the credit union industry continues to be very manageable. And, with careful attention to trends and changes, as well as having a multitude of potential strategies in place to address any shortfalls, credit unions can effectively mitigate the risk of “People Helping People” and continue to serve their members. ▲

As part of the Capital Assets team for more than 10 years, Rachael Leamon serves as Lead Analyst for the Advisory Services Group. She focuses on loan portfolio analytics for depository institutions, as well as M&A valuations for whole bank acquisitions. Leamon also assists with strategic planning and balance sheet analytics for financial institution clients. She received an MBA, and Master's and Bachelor's Degrees in finance from the University of Memphis.



Rachael Leamon

CREDIT UNIONS CAN JOIN STUDY

- The Forbearance Risk Assessment (FRA) was begun by FHN Financial Capital Assets in March 2020 to assess the potential risk associated with increases in payment deferrals.

Any credit union that wishes to join the study is welcome to participate. There is no cost, and individual data is never shared. However, we require that your data be merged with the total database. Info: www.fhnfinancial.com/contact.

The larger and more diverse the database becomes the better results we will have to share with everyone.

Footnotes

¹ http://acuma.org.s3-us-west-2.amazonaws.com/pipeline/202007-pipeline/s12_RiskMgt.pdf

² <https://www.occ.gov/news-issuances/bulletins/2020/bulletin-2020-72.html>



Home.

It's personal.

For some, it's a connection to community and a sense of security. For others, it's the canvas for a lifetime of memories and moments. Simply put, homeownership is about having the space to thrive and the home loan is what makes it all possible. Your members' own path to homeownership is built on the trust you've established, backed by an experienced lending partner and access to a comprehensive line of home loans to fit varying levels of financial fitness.

LenderSelect Mortgage Group's mission is to uncomplicate the home loan process for credit unions. We provide the tools and expertise needed to build flexible, profitable, and member-focused mortgage lending platforms that work for your credit union.

**Improve Borrower
Retention**

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Marketing to a Diverse Customer Base

By Gail Cox
AC&M Group

This article was written in honor of Vince Cullers, founder in 1956 of what is considered to be the first ethnic marketing agency in the United States, the Vince Cullers Group.

In 1956, the first ethnic marketing advertising agency, the Vince Cullers Group, was born. The agency was created out of a need for marketing that engaged ethnic customers and presented them in a positive light in national advertising.

At that time, African Americans and Hispanics were less than 10% and 3% of the population, respectively. Efforts and resources invested in reaching these ethnic minorities were minuscule.



Vince Cullers

However, there were great marketers like McDonald's, Coca-Cola, Bristol Myers and BP Amoco that recognized the value of ethnic customers and that recognized that reaching them with relevant and engaging messaging required the expertise of professionals steeped in those cultures and experienced in that work. This gave birth to a much-needed specialty in the marketing space: Multicultural Marketing.

Unfortunately, the adoption of best-practices for actively courting multicultural consumers has been very slow. Efforts have been plagued by limited budgets and inauthentic and ineffective attempts that scratched the surface instead of being well-funded and carefully considered strategic actions.

Fast forward a few decades, and with a surge of immigrants during the 1990s and early 2000s along with the

growth in other ethnic and mixed-race populations, ethnic populations today comprise about 40% of customers. But spending against all multicultural segments still amounts to significantly less than 10% of all advertising spending.

Sadly, most of the efforts in multicultural marketing remain “plug and play” efforts: Scripts totally lacking in cultural relevance and a random mix of faces of color are placed into advertising; materials are conceived by general population agencies clearly lacking in any diverse talent and any depth of experience in reaching multicultural audiences.

DOES MULTICULTURAL MARKETING MATTER?

Some might ask if the disproportionate diversity investment vs. diversity representation matters, especially when most

multicultural consumers speak English.

Consider, however, whether or not you would recommend marketing to women the same way that you market to men, even if both campaigns were done in English.

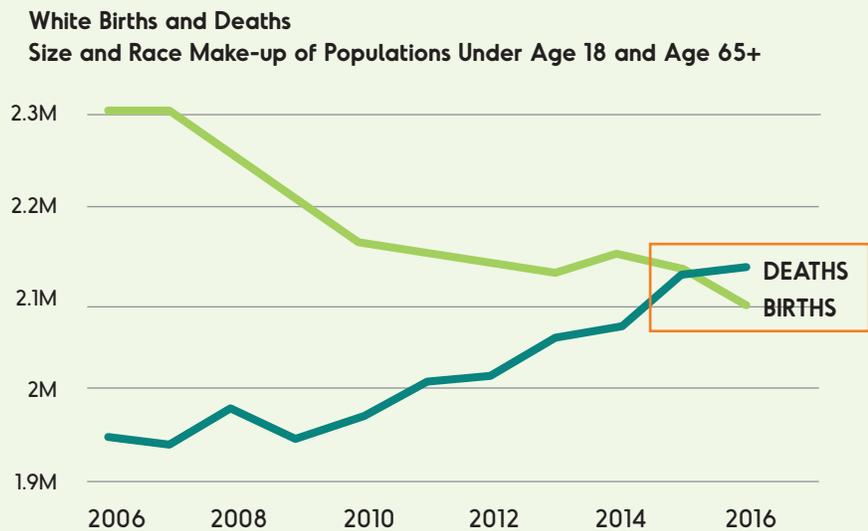
- Whether or not you would market to people in their 20s the same way you market to people in their 60s.
- Whether or not you would market to low-income customers the same as to wealthy customers.

It is important to understand that when companies market to multicultural audiences, there is an opportunity not only to reach and optimally engage them as consumers, but also to engage them as employees who are a part of the process and to do so while supporting minority-owned agencies, minority talent and minority-owned media ... in essence, to support these diverse seg-



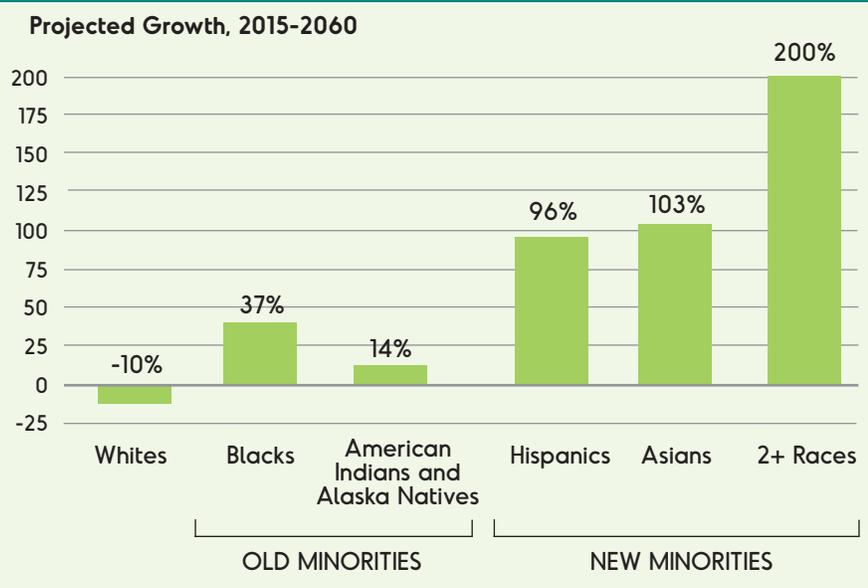


MORE WHITE DEATHS PER YEAR THAN WHITE BIRTHS, CONTRIBUTING TO WHITE POPULATION DECLINE



Source: Pew Research Center, Census Bureau

ETHNIC MINORITIES ARE EXPECTED TO DRIVE ALL US POPULATION GROWTH



ments as engines in the overall economy.

Ultimately, this participation benefits all Americans and the overall growth in our economy.

While some people may postulate that participation in the economy by the ethnic population is neither critical nor necessarily a high priority, it is important to note that without the active participation of most members of the U.S. population, our economy will suffer.

Furthermore, to put it bluntly, the non-Hispanic White population in the US is declining, and most of the growth fueling all facets of our economy will be driven by multicultural populations who are quickly becoming the emerging majority in many parts of our country, and eventually in our country overall. (See chart top left.)

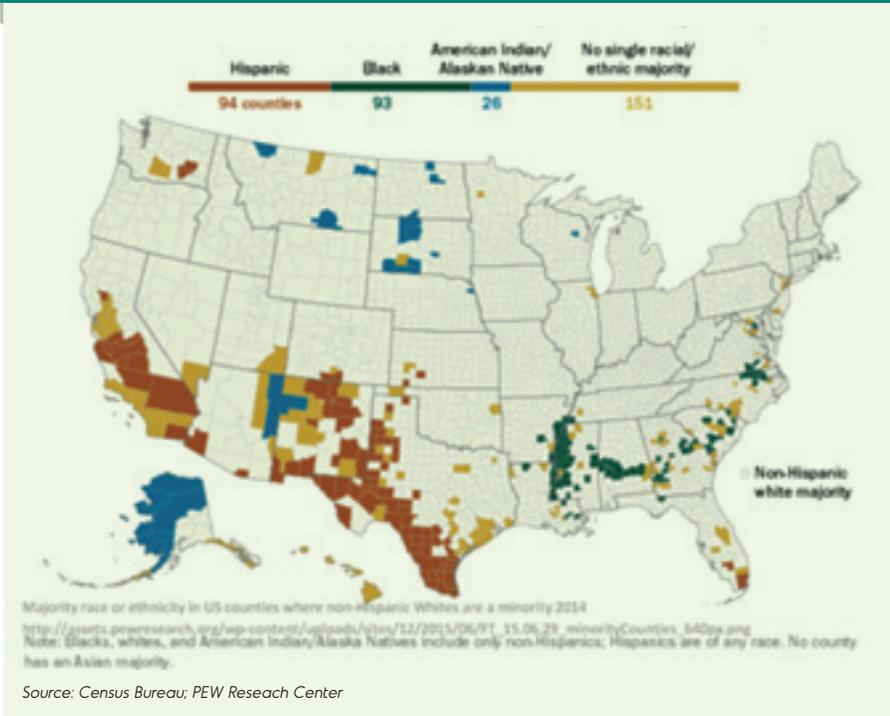
This trend is now accelerating, in part, due to Covid-19. Not only is the White population declining, but White spending in key categories is also declining. In fact, in the past two decades, 90% of the growth in the population and resulting growth in key categories occurred primarily because of multicultural customers.

Multicultural customers drove new household formations, home mortgages, car sales, consumable-goods categories and entrepreneurial start-ups. Additionally, these populations make up the majority of critically important essential-worker occupations including nurses and home-care aides, food-processing workers, construction workers, package sorters and delivery workers.

These tangible economic growth contributions don't even consider the important cultural contributions these segments make in setting trends and defining pop culture in everything from music, sports, entertainment, fashion and even food. For example, most people don't realize that tortillas have surpassed bread, and salsa has surpassed ketchup in sales. These items are not only being purchased by Hispanics; they have truly become mainstream. (See chart bottom left.)

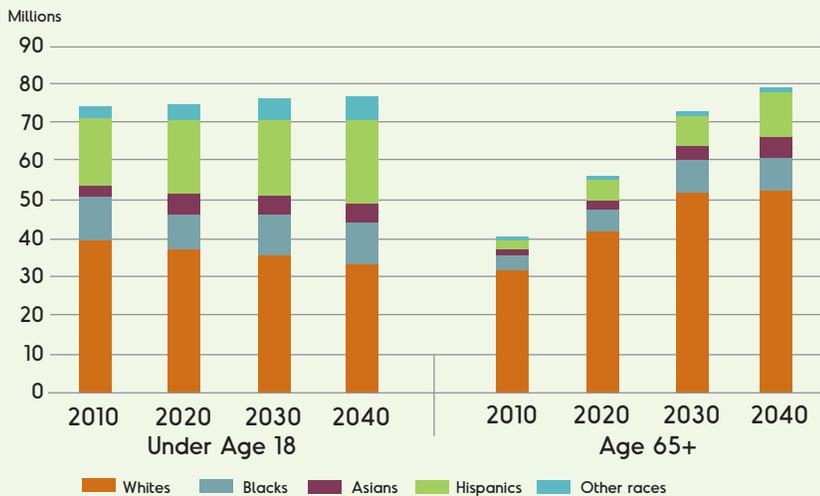
It is also important to remember that while almost 40% of the population, on

WHERE MINORITIES ARE ALREADY THE MAJORITY



POPULATION UNDER 18 MORE ETHNIC / POPULATION 65+ MORE WHITE

Children and Seniors, 2010-40 Size and Race Make-up of Populations Under Age 18 and Age 65+



Source: 2010 U.S. census and Census Bureau projections, released March 2018 Center

average, is non-White, in some parts of the country, minorities are already the majority, representing as much as 97% of the population. (See map above.)

When protesters in Charlottesville angrily chanted, “You will not replace us,” their chants were reflective of the knowledge of the aforementioned trends and their fears were that White

people and White culture are under attack from multiculturalism and non-White races.

Their assumption is that the American economy is a zero-sum game and that improving the plight of the growing, non-White populations can only come at the expense of others. However, research and data from top demog-

raphers show that the opportunity for the U.S. economy to grow increases as we improve the conditions and the opportunities for all—especially when we are able to impact the economic prosperity of the specific segments that are already growing the most from a population perspective.

SO YOU WANT TO GROW YOUR CUSTOMER BASE?

Given that the average credit union has approximately \$250 million in assets and that advertising budgets tend to be less than 0.10% of assets, it is estimated that most credit unions have somewhere between \$200,000 and 400,000 annually to spend on marketing efforts.

With such small budgets, it can be difficult to participate in traditional marketing tactics like TV ads, and efforts may be limited to extremely targeted and non-traditional tactics, especially when attempting to reach multicultural customers as part of the marketing mix.

Many people tend to think of multicultural marketing only in terms of adding a few people of color into the images that carry your brand through media to the end-customer, or in terms of translating a few key messages into different languages.

In reality, marketing is so much more than that. Multicultural or Diversity Marketing is about understanding who you have as members and who the up-and-coming populations are that you need to get in order to grow. It is about understanding their needs, their cultural cues and their motivations. It requires understanding the ways that you can legally address them, especially in a regulated environment.

It is also about being honest with your organization about whether or not you have properly prepared to serve the customers you have and the new customers you might want to reach for growth.

WHO ARE YOUR MEMBERS TODAY?

As you develop marketing plans each year, it is important to update your understanding of your customer base. In cases where blind customer data is



Customers of color now are even more inclined to scrutinize who is working in your branch lobby, in your drive-through and in your main office.

available with demographic identifiers, that data can help you to easily identify how you would demographically describe your customers overall and to identify any patterns or clusters in the data based on things like age, ethnicity and life stage.

If analyzing your existing data is not an option, perhaps you can gain a deeper understanding of your customers through intercept surveys as

people walk into the branch or pull into the drive-through. You can also conduct surveys via email, phone or mail so you better understand who your customers are; their awareness and utilization of certain services; and what they anticipate needing in the future.

WHO ARE ALL OF YOUR POTENTIAL MEMBERS?

Depending on whom your credit union serves, there may be data resources that might be available to help better understand the demographic profile of potential incremental members.

If the credit union is based on an employee type, an associational group or members of certain trades or professions, demographic profiles may be available from employers or professional associations.

Worst case, profiles can be developed using occupational data from the Bureau of Labor and Statistics like this file on “Employed persons by detailed occupation, sex, race, and Hispanic or Latino ethnicity.”¹ Other files are also available on age distributions and income.

Once you better understand your current and potential customers, you can understand the size of the incremental opportunity.

DOES YOUR ORGANIZATION REFLECT YOUR DIVERSE MEMBERSHIP AND THE DEMOGRAPHICS OF YOUR SERVICE AREA?

Especially given the heightened understanding of racial bias and the impact it can have on someone’s life, customers of color are even more inclined to scrutinize who is working in your branch lobby, in your drive-through and in your main office.

- When someone picks up your literature, what diversity do they see in leadership of your organization, in the contributors to your publications, in the illustrations and photographs featured?
- Would they take away from all of these observations that they are welcome?
- That your credit union is “for people like them”?
- That there is someone working in your bank whom they can trust and with whom they can establish a relationship as they navigate complex financial issues?

If you answered “no” to any of these questions, know that this is marketing, too. Think of it as you “preparing your home” before you invite in new guests.



In the past two decades, 90% of the growth in the population and resulting growth in key categories occurred primarily because of multicultural customers.

ARE YOU PREPARED TO ASSIST MEMBERS IN THEIR PREFERRED LANGUAGE?

While Hispanics and many other immigrant populations are able to communicate in English or are bilingual to some degree, many are not (especially older adults).

Furthermore, while many customers who are dominant in another language may speak some English, they may prefer to communicate

in their native language, especially for more complex and important transactions in their lives like banking.

In fact, in the United States one in five people speak another language at home.

When customers come into your branch, it will go a long way toward making them feel welcomed, valued and comfortable if they are able to find someone who can communicate in their language.

As you evaluate this, keep in mind that in the end, language, though important, is still just a tactic; your efforts in reaching multicultural audiences should not end with simply translating content, but should include an overall strategy and messaging that is culturally relevant and resonant.

It is also important to keep in mind that speaking a language, being able to listen to and understand a language, being able to read a language, and being able to write in a particular language are all very different things, and customers may have vastly different capabilities with each.

Questions to consider:

- Will customers be able to communicate their needs correctly and easily based on the language capabilities of the workers on staff?
- How important is it to make sure that every branch has one or multiple people with language capabilities on staff at all times?



Research and data from top demographers show that the opportunity for the U.S. economy to grow increases as we improve the conditions and the opportunities for all.

- If that is not an option, are there enough employees who reside in other branches or the main office who speak an alternate language who can quickly be reached via phone to assist customers who come into or call into any one branch?

- If that is not an option, have you considered engaging one of the top on-demand interpreter services like Language Line?²

- When someone with limited English capabilities calls into your customer service numbers, are they quickly and easily able to get to an op-





erator who can speak in their language, or are they able to access “prompts” in their preferred language, especially if that language is Spanish?

Keep in mind that depending on where your credit union is, there may be needs for some of the other most commonly spoken languages in the United States like Chinese, Vietnamese, Tagalog (Filipino), Korean, Arabic, Hindi and Russian.

If these languages are common in the area around your branch, then hiring someone should be prioritized. However, until employees with the needed language capabilities are available, interpreter services like Language Line are able to assist on-demand in dozens of languages.

ENGAGE A MARKETING AGENCY PARTNER WITH MULTICULTURAL AND RELEVANT EXPERIENCE

As you seek partners to help in your diversity marketing efforts, it is important that you choose organizations that in some way reflect the audience you’re trying to reach and have expertise in developing strategies for diverse audiences.

If you are not able to confirm that your agency can bring diverse talent in management and leadership positions to the table for your projects, then perhaps it is time that you found another agency

partner who can actively participate in the strategic planning, media planning, creative development and production of your campaigns in a way that includes growing your business with the growing population.

USE PROVEN TACTICS FOR REACHING CUSTOMERS IN LIMITED GEOGRAPHIES

While there is certainly an opportunity for consideration of multicultural audiences in every media type and aspect of marketing, there is a short list of tactics that are especially effective when clients have a limited number of locations and a limited budget and yet they want to reach multicultural customers as part of an overall strategy.

Those tactics include social media, paid social, digital ads, digital radio, AdWords and radio. Many of these can be geo-targeted within a radius around branch locations. Optimally utilizing these requires that clients work with an agency with experience ensuring that multicultural customers are reached in a way that is legal, feasible, safe and effective as part of an overall strategy.



In the United States one in five people speak another language at home.



ULTIMATELY, IF YOU WISH TO GROW, MULTICULTURALISM MUST BE CONSIDERED IN EVERYTHING YOU DO

With each successive generation, the question is asked, “What does it take?”

That is, what is required to guarantee opportunities ... not just for one person of color at a time ... but for many? What does it take for reasonable women and men to recognize that our fates are mutually connected?

This country’s fate is dependent on us creating opportunities for all people to participate and to thrive, and that there is an obligation to do so on every level of the socio-economic ladder. It is imperative that every organization is considering these multicultural audiences as entry-level employees and as leadership, as credit union members and as suppliers and partners, as agency and media partners, as consumers and as businesses.

Know that there are certainly tons of viable ethnic customers just waiting to be engaged, and certainly what credit unions have to offer is a compelling proposition.



This country’s fate is dependent on us creating opportunities for all people to participate and to thrive.



Gail Cox is the Senior Vice President of Strategic Planning for AC&M Group, a multicultural and sports marketing agency.



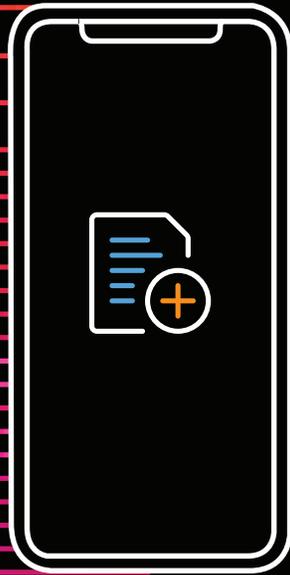
Gail Cox

During her career, she has led the development of strategic marketing plans for Fortune 100 companies in health care, home improvement, retail, fashion, financial services and sports. Cox was a speaker at ACUMA’s 2020 Conference. Previously, Cox was Marketing Director of Home Decor at Lowe’s Companies, and Director for Lowe’s Multicultural Marketing. Prior to that she was in Health Care Brand Management & Retail Customer Marketing at Procter & Gamble. Cox can be reached at gail.cox@acmconnect.

Footnotes

¹ <https://www.bls.gov/cps/cpsaat11.htm>

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For Credit Unions, Diversity Offers Opportunity

Embracing diversity can expand membership, drive business and fill the roles of retiring leaders

By Arch Mortgage Insurance Company

One of the biggest changes for credit unions in 25 years happened in late 2019 as an eighth cooperative principle—based on diversity, equity and inclusion (DEI)—joined the seven existing principles that have guided credit unions for decades.

The change was made to a set of principles that date from 1844 and were last updated more than two decades ago. It followed the adoption of a 2019 resolution by the Credit Union National Association (CUNA).

And it loudly signaled the credit union movement’s embrace of diversity—in terms of both members and employees.

A leader in the call for change, Maurice Smith, CEO of Local Government Federal Credit Union in Raleigh, North Carolina, cheered the resolution’s approval.

“As an African American, I am proud to be part of a movement that improves the lives of individuals and our communities,” he said in response to the passage of the DEI resolution in September 2019. “For me, the credit union creed stands for financial and social empowerment. We are supposed to be

the best representation of fairness in our neighborhoods.”

Over the past year, credit unions across the nation have been putting those principles into action in dozens of ways that will be highlighted in this article after a discussion of likely economic impacts.

AN ENORMOUS GROWTH OPPORTUNITY

Many industries responded to the calls for social change by creating diversity



initiatives, but credit unions had a head start with the seven principles that already include open and voluntary membership and democratic control. Many credit unions are also located in highly diverse areas and serve employee groups that include large numbers of minority members.

“As a CU partner for more than 25 years, the benefits to credit unions and members are very clear to me,” said Tom Murphy, Arch MI’s Senior Vice President, Credit Union Sales. “Recruiting more diverse employees will help bring new ideas, drive innovation and attract new members.”

As credit unions move ahead on diversity initiatives, many executives point to opportunities a DEI focus represents for individual branches and the movement as a whole. Three important factors will shape the emerging business climate for CUs:

- Future generations: Nearly half (48%) of today’s 20-year-olds (Generation Z) self-identify as a racial or ethnic minority—far more than the 27% of Baby Boomers (ages 56 to 74) who identify as a minority, according to the U.S. Census Bureau.¹



PRINCIPLE

EQUITY • INCLUSION



- **Growth:** Credit union membership growth slowed to 1.5% in 2020, a nine-year low, CUNA Mutual Group reported.²
- **Age of members:** CUs must solve what's been called a "glaring demographic problem" relating to age—50% of members are 53 years and older, according to American Banker magazine.³ This is crucial because younger members tend to create more profitable activity for credit unions with car loans, mortgages and other services.

In addition, many credit union leaders and loan officers are also closing in on retirement age, creating openings for younger employees from a broader range of backgrounds and a need for more focus on training and advancement.

In mid-2020, a future-focused report, "Striving to Stay Relevant in a Rapidly Changing World," produced by the Credit Union Executive Society (CUES), summarized the outlook: "... a concerted effort to attract younger, more diverse staff and board members ... will be critical to long-term CU success."⁴

BUILDING ON SUCCESS

CUs outshine many industries when it comes to supporting the advancement of women. Female CEOs are at the helm of 52% of CUs—10 times the rate of the banking industry, according to the 2020 "Diversity, Equity and Inclusion in Credit Unions" report by the Filene Research Institute.⁵

INCREASING RACIAL DIVERSITY IN THE U.S.

Generation	Ages	Racial or Ethnic Minority
Baby Boomers	56 to 74	27%
Gen X	41 to 55	38%
Millennials	21 to 40	43%
Gen Z	8 to 20	48%

Source: U.S. Census Bureau

That report, supported by a consortium of eight large CUs, also determined that a typical CU's board of directors is more than 90% white and that about 5% of credit union CEOs identify as a racial or ethnic minority, only slightly better than Fortune 500 companies.

Credit unions currently originate a

higher percentage of mortgage loans to African American and Hispanic households than banks, and a higher proportion of CU branches are located in low-income and racially diverse areas, according to CUNA.⁶

Many credit union leaders say recruiting younger employees is a key to attracting younger members, and a Glassdoor survey found that 67% of job seekers evaluate a company's diversity practices before accepting a job offer, according to CU Management.⁷

An industry leader, New York's United Nations Federal Credit Union (UNFCU) was a recipient of a Mortgage Bankers Association's 2020 Diversity and Inclusion Residential Leadership Award in October. In response to questions about UNFCU's diversity initiatives, a spokesperson said, "Embracing diversity is a core value at UNFCU, given the diversity of our global membership. Our employees reflect the diversity of our members. ... Our recruitment efforts actively focus on a diverse applicant pool."

Minorities accounted for 73% of UNFCU hires in 2019/2020. UNFCU recently began a pilot program that exposes new employees who are recent college graduates to various lending areas, including mortgage sales, to "create a pipeline of younger loan officers."

At BECU in Seattle, Washington, Senior Vice President Lorraine Stewart states that diversity is a key focus. "We've been working with industry partners (and team members) to identify previously untapped talent for recruiting with a racial equity lens," she said. "We would like to focus on recent graduates who are interested in a career in mortgage lending or banking."

THE BUSINESS CASE

How do investments in diversity impact the bottom line? Across multiple busi-



Many credit union leaders say recruiting younger employees is a key to attracting younger members.



ness categories, more diverse companies are 35% more likely to post above-average earnings for their industries, according to McKinsey & Company, a prominent management consulting firm.⁸

UNTAPPED POTENTIAL

The Homeownership Council of America (HCA) released a 2019 report titled “The Untapped Potential of Underserved Communities.”⁹ It says “lenders stand to conservatively increase their



Across multiple business categories, more diverse companies are 35% more likely to post above-average earnings for their industries.



loan volume by at least \$1.5 trillion” by expanding lending in historically underserved communities (while adhering to current loan quality standards).

The potential upside in broadening the CU membership base is evident from recent housing trends. Hispanic households drove 51.6% of the net growth in homeownership from 2009 to 2019, according to a study by the National Association of Hispanic Real Estate Professionals.¹⁰

THE CREDIT UNION INDUSTRY: ACTING ON MANY FRONTS

Before and after the CU industry adopted DEI as an eighth cooperative principle, credit unions have been putting the principle into practice in myriad ways:

- 83% of CU leaders prioritize hiring from a diverse pool of applicants, according to the National Credit Union Administration’s (NCUA) latest annual self-assessment survey.¹¹
- In August 2020, CUNA outlined plans to develop more inclusive workspaces, expand DEI efforts for members and collaborate with the American Association of Credit Union Leagues (AACUL), the African American Credit Union Coalition (AACUC) and other system partners.
- The new Arch MI Scholars Program was launched in November 2020 to provide scholarships, work opportunities and mentoring for high-achieving

students at North Carolina A&T University, the nation’s largest historically Black university.

- Announced in September, a new Credit Union DEI Practitioner Network includes diversity-focused executives from 20 credit unions.
- The number of credit unions offering formalized diversity training continues to grow. A review of the American Banker’s annual “Best Credit Unions to Work For” rankings shows that number rising from 64% of those included in the rankings in 2017 to 88% in 2020.¹²

About the company

Arch MI, a leading provider of mortgage insurance in the United States, offers expert risk management and financial services to help mortgage lenders protect investments and expand origination opportunities.

THE COOPERATIVE PRINCIPLES

The Rochdale Principles are a set of seven ideals for the operation of cooperatives. They were first set out in 1844 by the Rochdale Society of Equitable Pioneers in Rochdale, England and have formed the basis for the principles on which co-operatives around the world, including credit unions, continue to operate:

1. Voluntary and open membership
2. Democratic member control
3. Member economic participation
4. Autonomy and independence
5. Education, training, and information
6. Cooperation among cooperatives
7. Concern for community

Footnotes

- ¹ CNN. “Millennial Generation is Bigger, More Diverse Than Boomers.” Nov. 30, 2020. <https://money.cnn.com/interactive/economy/diversity-millennials-boomers/>
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A Strategic Plan to Reach Hispanics

How CUs Can Attract the Fastest-Growing Homebuying Demographic in America

By Concepcion Guerrero
MGIC



As we look to the future credit union's face, it's no surprise that lenders are shifting their attention to diversity when it comes to their products, services, employees and members.

Nearly 60 million Hispanics are living in the United States. Many credit unions are focusing on strategies that make homeownership a possibility for their growing number of Hispanic members who want to achieve the American dream.

The Urban Institute projects that by 2030, 56% of all new homeowners will be Hispanic.¹ And according to Freddie Mac, in 2018 there were 4.9 million mortgage-ready Hispanic Millennials, also called Hispanials, in the United States.²

So why aren't more credit unions establishing a plan to attract Hispanic members and employees?

Edgar Hernandez, CUNA Mutual Group's Multicultural Strategy Manager, was asked that question during a recent meeting with MGIC marketing staff. Hernandez said it's for the simple reason that many credit unions just don't know how to go about reaching the Hispanic demographic.

And what's the best way to attract this untapped set of potential first-time homebuyers? According to Hernandez, credit unions should focus on what

Hispanics value most.

This article will provide insights about the Hispanic homebuying demographic to help credit unions develop a more diverse outlook on these prospective homebuyers with valuable strategies, tools and cultural insights.

FAMILY, TRUST, LANGUAGE, COMMUNITY

To start with, family is everything in the Hispanic community. Hispanics tend to focus on the collective well-being of their families rather than on individual wellness and prosperity.

They'll typically base their decisions on feedback from parents and other trusted

family members. For example, members of their extended family might even attend meetings with a loan officer regarding the purchase of a home, even if they won't be listed on the mortgage.

Often, Hispanics live in multi-generational households: They live with multiple members of their extended family under the same roof. Hispanics are twice as likely to live in a multi-generational household than the general population. This is very important for real estate and mortgage professionals to keep in mind when Hispanic CU members are looking for homes.



Hispanics tend to focus on the collective well-being of their families rather than on individual wellness and prosperity.



Building a trustworthy relationship with your Hispanic borrowers is also incredibly important. Mortgage professionals must take the time to listen and be open-minded when it comes to differences in cultural traditions, language and the decision-making process.

Hispanic members are not shy about asking questions to better understand the homebuying process, and the loan officer or mortgage professional is viewed as a trusted advisor. That's why maintain-

Family Language Trust Community

ing an open and welcoming manner is critical to building trust with Hispanic homebuyers and their families.

And the mortgage professional shouldn't be shy about asking questions, either. It can be helpful when it comes to better understanding the culture or language.

Regarding communication with Hispanics, language is an important factor, although being able to speak Spanish isn't always a required trait to reach this group. More than 80% of Hispanials speak and understand English. And among Hispanic adults 36 years or older, more than 50% are English-proficient. If translation is needed, another family member will most likely help.

Hispanic homebuyers want their lenders to be visible and to be a part of the Hispanic community. Therefore, a credit union's physical presence in the community is also critical. It builds trust and credibility.

But the credit union needs to do more than have a physical presence. "It's not enough to have an office in the community," said CUNA Mutual's Hernandez. "Lenders and mortgage professionals should engage in their local Hispanic Chamber of Commerce, trade organizations, industry events

and Latin American Consulate." In fact, the best way for CUs to attract and gain more leads with Hispanics is through word-of-mouth referrals.

TOOLS TO BUILD A DIVERSE MEMBER BASE

MGIC, as a leading provider of mortgage insurance and a partner to credit unions who want to reach the Hispanic community, offers resources and strategies that can help you attract and build a diverse member base, including:

- A Hispanic marketing webpage, where you can obtain access to tools and resources such as co-brandable flyers and infographics.
- Readynest.com, a consumer-facing website in Spanish with affordability calculators, checklists and other homebuying tools.

■ A comprehensive Spanish Homebuyer Education program with materials to guide your first-time homebuyers, as well as a Homebuyer Education test.

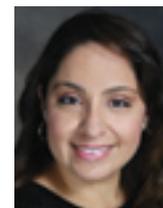
Using tools like these, which are offered on MGIC's Hispanic Marketing website, can help you reach the Hispanic demographic by building understanding, trust and comfort with your Hispanic members.

As a bonus, these tools can also help you develop your Hispanic cultural

competency and be more inclusive in your marketing efforts—while moving into expanding markets—and make a huge difference in the growth of your business.



Concepcion Guerrero is a Marketing Program Specialist at MGIC. She supports marketing initiatives for credit unions and community banks. Guerrero's bilingual and bicultural background has contributed to MGIC's success in reaching out to the Hispanic market. She holds a Bachelor's Degree in international business from Alverno College. For more information on MGIC's Hispanic initiatives, visit <https://www.mgic.com/tools/hispanic-marketing>.



Concepcion Guerrero

“A credit union's physical presence in the community is also critical. It builds trust and credibility.”



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Footnotes

¹ National Association of Realtors® Realtor Magazine, December 2020 <https://magazine.realtor/daily-news/2019/04/10/report-hispanics-drive-homeownership-growth#:~:text=The%20Urban%20Institute%20has%20predicted,all%20new%20homeowners%20by%202030>.

² The National Association of Hispanic Real Estate Professionals® 2019 State of Hispanic Homeownership Report® <https://nahrep.org/shhr/>

Borrowers with Limited English Skills

Resources to Help Them Understand and Navigate the Mortgage Process

By Susan Graham
FICS

Already complicated, the mortgage process is even more difficult to understand when borrowers have limited English skills.

To address this language barrier, the Federal Housing Finance Agency (FHFA), Fannie Mae and Freddie Mac launched the Language Access Multi-Year Plan to help limited English-speaking borrowers understand and participate in obtaining a mortgage.

Mortgage professionals can help their clients better understand and successfully navigate the complex mortgage process by providing documents and educational materials in the borrower's preferred language. Here's what lenders and servicers need to know to assist their borrowers.

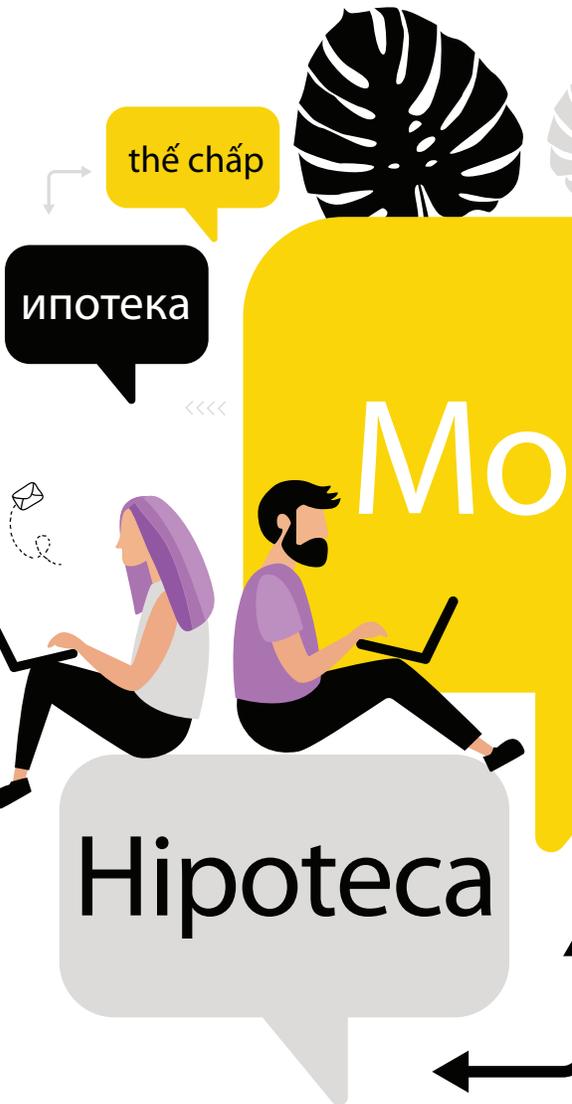
THE NUMBERS ARE GROWING

The rationale for the language access initiative stems from the fact that many borrowers have limited English proficiency (LEP), meaning English is not their primary language and they speak English less than “very well.”

The language access plan was developed based on language data from the 2011-2015 American Community Survey. According to that survey, 9% of the U.S. population (more than 25 million individuals) were considered LEP. Among the LEP people in the United States during that time period, the most commonly spoken languages

were: Spanish (64%), Chinese (7%); Vietnamese (3%); Korean (2%), Tagalog, a language of the Philippines (2%), and Russian (2%).¹

Those percentages have shifted slightly since 2015. According to the 2019 American Community Survey, 4.3% of U.S. households (not individuals), or about 5.274 million households, are limited English speaking. Of that group, 60% speak Spanish. The next most common languages spoken are Chinese (9%); Russian (5%); Vietnamese (3%); Korean (3%); French, Haitian, or Cajun (2%); Arabic (2%); and Tagalog (1%).²



Accordingly, the Consumer Financial Protection Bureau's website includes educational materials in all these languages.

Hispanic borrowers have a significant impact on the housing market. In 2019, there were about 15.4 million Spanish-speaking households, with about 3.2 million households (21%) falling into the LEP category.³

Over the past decade, Hispanics have accounted for 51.6% of the overall U.S. homeownership growth, adding 1.9 million new homeowners during that period. The number of homeowners increased by 277,000 in 2019 (from



some from becoming homeowners.

Furthermore, Hispanic homebuyers with LEP are hindered by gaps in communication, education, understanding and confidence needed throughout the complex homebuying and mortgage processes.⁵

OBSTACLES TO MORTGAGE LOANS

The language-access plan grew out of the 2017 Government Sponsored Enterprises (GSE) scorecard, which required Fannie Mae and Freddie Mac to identify obstacles for non-English speakers in accessing mortgage credit.

The GSEs analyzed potential solutions to those barriers and developed a multiyear plan to implement them.

Toward that end, the GSEs conducted interviews and focus groups with borrowers whose primary language wasn't English ("participants"), as well as with lenders and servicers. The research shed light on how borrowers work with mortgage professionals, and vice versa, throughout the mortgage process.⁶

Although the findings varied by ethnic group, several common themes emerged:

1. Translations and understanding. Not surprisingly, participants prefer to use documents written in their own language. Translated documents and written educational materials are essential, but LEP borrowers prefer interpretation (in-person translation). They want to speak with knowledgeable people who can explain (and be sure they understand) the complicated mortgage process and answer their questions.

Some mortgage concepts, such as balloon payments or escrow, may not exist in home countries and don't translate well. Participants had a variety of ways of increasing their knowledge, often relying on their children or family members to translate documents.

2. Trust is a fundamental issue. Language barriers can make LEP individuals vulnerable, and transactions

are often difficult and stressful. Many people with limited English skills have been taken advantage of in financial transactions—or they know someone who has been. They question who, and what information, to trust when they're purchasing a home. Many participants don't trust the accuracy of language resources.

Different cultures display varying levels of trust and have different trusted sources. Chinese, Vietnamese and Korean participants are willing to trust some organizations (federal government agencies, large banks), but they often need to verify information and in-language documents to confirm their accuracy. At the other end of the trust spectrum, Spanish LEP participants were highly trusting of other Spanish speakers and of translated information.

3. Resource limitations. Many good in-language resources exist, including materials from the Consumer Financial Protection Bureau (CFPB), the U.S. Department of Housing and Urban

Development (HUD) and other federal agencies. But lenders and borrowers often aren't aware of them, can't find them or are reluctant to use them.

Participants indicated that they would like several resources for different stages of the home-buying process: an in-language educational booklet, a checklist of important things to think about, and a dedicated in-language phone line.

Although participants say they prefer in-language documents, some borrowers don't trust them. Some lenders avoid translated documents, fearing liability issues.

Fannie Mae includes this Important Note on their language resource web page:

There are many legal issues involved in originating mortgage loans in a language other than English, including federal, state and local laws (such as those for California, Illinois, Massachusetts, Oregon, Texas and the District of Columbia) that

“
4.3% of U.S. households, or about 5.274 million households, are limited English speaking.”



7.88 million in 2018 to 8.16 million in 2019). This raised the Hispanic homeownership rate (i.e., the percentage of Hispanics who own their home) from 47.1% in 2018 to 47.5% in 2019. 2019 marked the fifth consecutive year of gains in the Hispanic homeownership rate.⁴

Freddie Mac projects that, by 2030, an estimated 56% of new homeowners will be Hispanic. Despite being one of the fastest growing demographics, Hispanics encounter several obstacles. These include credit-related challenges and a lack of available, affordable housing in many areas that may prevent

address marketing, negotiating and conducting lending activities. You should consult legal counsel about which requirements may apply to your business and the use of these materials.⁷

LANGUAGE RESOURCES

Mortgage Translations Clearinghouse. The Mortgage Translations website (www.fhfa.gov/MortgageTranslations) was launched in October 2018 as a centralized source of industry-standard resources to assist lenders, servicers, housing counselors, real estate professionals and other housing industry stakeholders in serving LEP homebuyers. Created by FHFA, Fannie Mae and Freddie Mac in collaboration with industry, consumer and government partners, the Mortgage Translations clearinghouse contains resources in Spanish, Chinese, Vietnamese, Korean and Tagalog:

■ **Uniform Residential Loan Application (URLA) translations.** To help people understand and complete the URLA, printed versions of the application are available in Spanish, Chinese, Vietnamese, Korean and Tagalog. The translated versions are non-executable forms, so applicants must still sign the English-based URLA.

■ **Glossaries.** Whether communicating in English or another language, using accurate and consistent terminology can improve the mortgage process for all parties involved. The CFPB, FHFA, Fannie Mae and Freddie Mac have collaborated to create standardized glossaries of financial terms in Spanish, traditional Chinese, Vietnamese, Korean and Tagalog. These glossaries include many mortgage-related terms such as Annual Percentage Rate (APR) and escrow account.

■ **Borrower Education Materials.** The clearinghouse includes brochures on topics such as moving confidently through the homebuying process, taking steps to improve your credit, avoiding foreclosure and options for

homeowners having difficulty paying their mortgage (Covid-19 resources).

■ **Covid-19 forbearance scripts for servicers.** These scripts help servicers communicate with borrowers, including determining the nature of the financial hardship, explaining forbearance and discussing forbearance plan details.

■ **Oral interpretation services.** To further support LEP individuals, the clearinghouse includes a list of industry resources available to provide oral interpretation services. These resources can help LEP consumers navigate topics such as fraud avoidance and scam detection, foreclosure prevention, financial management and budgeting, financial wellness coaching, buying or renting a home, and mortgage options. These no-cost services support more than 250 languages and can provide the clarity and confidence needed to better support sustainable homeownership.

CFPB RESOURCES

The CFPB website (www.consumerfinance.gov) contains resources and web pages in Spanish, Chinese, Vietnamese, Korean, Tagalog, Russian, Arabic and Haitian Creole:

■ **Glossaries.** Glossaries of English-Spanish Financial Terms and English-Chinese Financial Terms are available on the CFPB website (www.consumerfinance.gov/language/).

■ **Educational materials.** CFPB's in-language resources include brochures about Covid-19 assistance, avoiding foreclosure, understanding your credit score, rebuilding your credit and more.

FANNIE MAE & FREDDIE MAC RESOURCES

The Fannie Mae and Freddie Mac websites also include several language

resources for lenders and borrowers. Refer to <https://singlefamily.fanniemae.com/multi-language-resources-lenders> for a list of resources.

Fannie Mae's consumer-facing website, www.knowyouroptions.com, is available in Spanish. Freddie Mac provides a Step-by-Step Mortgage Guide (<https://myhome.freddie.com/resources/brochures.html>) and information about Covid-19 relief for homeowners (<https://myhome.freddie.com/getting-help/relief-for-homeowners.html>) in Spanish and several other languages.

NAVIGATING THE MORTGAGE PROCESS

Lenders can take advantage of the Mortgage Translation Clearinghouse, CFPB and other language resources to educate their LEP loan applicants. In 2019, 33% of homebuyers were first time buyers.⁸

First time buyers often lack knowledge about the mortgage process. A CFPB survey assessed borrower knowledge about mortgage-related concepts such as discount points and mortgage insurance. Only 28% of respondents

understood the difference between the interest rate on a mortgage and the loan's APR, and that's without factoring in a language barrier. Repeat homebuyers had higher mortgage-market knowledge than first-time homebuyers.⁹

Seventy percent of borrowers heavily used their lender or mortgage broker to get financing information, according to the National Survey of Mortgage Borrowers. Lenders and brokers can play a significant role in helping determine the type of mortgage the client chooses. The survey also found that up to

70% of borrowers choose their lender or originator before deciding on a loan type.¹⁰

Loan originators can clarify the mortgage process and help LEP borrowers choose loan products by defining terms, as well as explaining the

“Over the past decade, Hispanics have accounted for 51.6% of the overall U.S. homeownership growth.”

“Translated documents and written educational materials are essential, but borrowers prefer in-person translation.”

pros and cons of various loan products. Servicers can explain the forbearance process in the borrower's preferred language (following the servicer for-

bearance scripts) and share educational materials about COVID-19-related forbearance and how to avoid foreclosure with LEP borrowers who are struggling

to pay their mortgage.

By providing educational materials in borrowers' preferred language and connecting them with knowledgeable interpreters, lenders and servicers can help borrowers better understand and successfully navigate the complex mortgage process. 

Footnotes

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- ⁷ <https://singlefamily.fanniemae.com/multi-language-resources-lenders>
- ⁸ <https://www.nar.realtor/sites/default/files/documents/2020-generational-trends-report-03-05-2020.pdf>
- ⁹ https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/bcftp_mortgages_shopping_study_brief-3-knowledge.pdf
- ¹⁰ https://files.consumerfinance.gov/f/201501_cfpb_consumers-mortgage-shopping-experience.pdf

Susan Graham is president and chief operating officer of FICS (Financial Industry Computer Systems, Inc.), a mortgage software company specializing in cost-effective, in-house mortgage loan origination, residential mortgage-servicing and commercial mortgage-servicing software for mortgage lenders, banks and credit unions. FICS also provides document management and web-based capabilities in its full suite of products. You can reach Graham at susangraham@fics.com.



Susan Graham

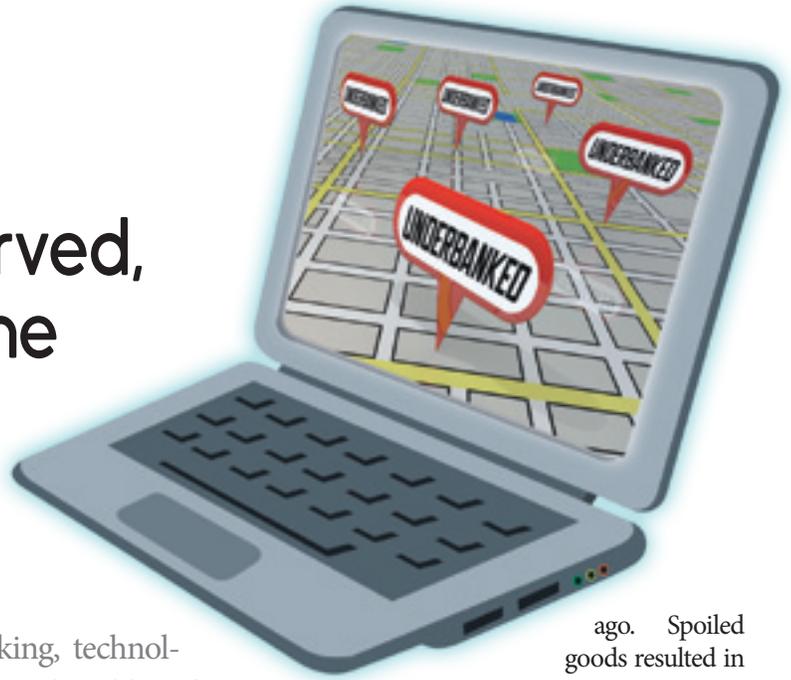
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Serving the Underserved, Technology Levels the Playing Fields

By Puja Agrawal
Finastra



Deep in the trenches of American banking, technology is emerging as both a differentiator and enabler. The Federal Deposit Insurance Corporation’s Annual Summary of Deposits survey reveals that tried-and-true technology remains the principle driver of revenue success at the top 15 banks.

What’s good for the giants is also good for the credit unions.

Credits unions, however, are using emerging tools and capabilities to drive inclusion of a more diverse customer base to benefit minority communities where access to financial products is often lacking.

DIGITAL EXPANDS ACCESS TO SERVICES

From the very beginning, the credit union mission has been to foster financial inclusion. The fruits of that dedication are being seen today as minorities now account for 61% of credit union growth over the last five years, according to research by CUNA Mutual Group.

An expansion of digital capabilities is making it possible for credit unions to reach more members with everyday access to critical financial services. While simply a matter of convenience for most members, digital channels can provide a banking lifeline for minority and other underserved communities.

For one thing, minority groups represent the majority of unbanked households, where income disparity continues to be a leading factor. According to a 2019 study by the FDIC, nearly half of unbanked households can’t meet minimum balance requirements for opening

new accounts.

On the other hand, digital channels and technologies create streamlined efficiencies, allowing credit unions to provide financial services at lower cost. New innovative payment solutions are another benefit to minority communities, offering simple alternatives to cash transactions.

SUPPORTING BUSINESS SUCCESS

The technology supporting digital transactions is also key to achieving equality in lending for minority or underserved communities. Individuals and businesses here can face language barriers and lower financial literacy, all factors that impact access to financing.

The impediments to fair and equal lending were evidenced when a three-day New York City blackout nearly destroyed the livelihood of many Hispanic business owners in the Washington Heights area of the city 20 years

ago. Spoiled goods resulted in high losses that threatened the profitability of florists, grocery stores, butchers and other small businesses that depended on the electric grid to support basic business operations.

Credit unions tried to help with SBA-backed loans, but the complicated lending process was a deterrent to business owners, many of whom did not speak English. As a result, these small-business owners turned to alternative lenders. It was easier to apply and faster to receive funding. But instead of realizing the benefit of financial assistance, most were taken for a ride, forced to pay 2-5% a week in interest.

The Covid-19 crisis represents another challenge to minority firms. According to a study conducted by the Global Strategy Group for Color of Change and UNIDOSUS, more than half of African American- and Latinx-owned businesses need financial assistance to survive the economic effects of the Covid-19 pandemic¹, but only 1 in 10 who sought relief was granted assistance. Limited access to funding for minority firms is not confined only to times of societal turmoil, however.

Research conducted by the Minority Business Development Agency reveals that minority-owned small business are less likely overall to receive fair funding than white-owned firms. And yet, minority businesses currently employ 7.2 million Americans, according to a 2019

Presidential Proclamation on Minority Enterprise Development Week.

The inability to access critical funding can have a significant impact on the community, resulting in layoffs or an inability to hire. And when wage shortages or unemployment hits local residents, women and people of color are less likely to be eligible for loans to survive hard times.

DIGITAL SOLUTIONS CAN HELP

For credit unions looking to expand lending access to non-traditional borrowers in underserved communities, expanded data insights, supported by technology enhancements, enable a new type of credit decisioning. It starts with an interconnected digital environment, where each and every transaction can generate reams of data.

Applying analytics to the data collected can reveal new borrower insights. When combined with information from third-party sources, credit unions not only gain access to a broader view of the borrower, but also the organization's lending portfolio and the market at large.

With a better understanding of market and borrower risk, financial institutions can easily configure financial ratios to enable assessments that more accurately represent minority-owned firms.

As the pandemic continues to ravage minority communities, educating communities on financial matters becomes critical. A recent study conducted by the Urban Institute revealed that 400,000 mortgage borrowers were delinquent on loans backed by the federal government and open to a forbearance agreement under the CARES Act. However, many of these borrowers do not know that they are eligible for forbearance or how to go about requesting it.

In situations like these, the credit union plays a pivotal role as educators. Data analytics support education initiatives by identifying distressed borrowers and providing insights for targeted outreach.

It's another example of how today's technologies can be used to strengthen member relationships and create a

more diverse credit union community. The great news is that financial institutions have more options to gain access to critical capabilities like these without having to develop such capabilities in-house.

ROLE OF APIs AND ECOSYSTEM

Cloud-based platforms utilizing APIs (Application Programming Interfaces) make it possible for credit unions to access the technology they need to support minority communities with critical banking services.

In simplest terms, the cloud is a group of servers that host multiple platforms. Platforms house software in the form of applications that streamline and simplify access to common banking products.

APIs are a connection layer between credit unions and the applications hosted on cloud-based platforms. Through APIs, credit unions can plug into a variety of products and services without the need to alter existing systems and infrastructure.

New technologies like these are making it possible for credit unions to overcome the stranglehold of legacy core systems by migrating critical operations, such as universal loan and deposit servicing, customer management, general ledger and system administration to the cloud. In doing so, credit unions create a streamlined environment where members move seamlessly between digital channels and the branch, creating greater access for minority communities.

Migrating to a cloud-based core also centralizes data, including information from typically extra-core modules, such as collections, sales and services and card management. A single unified source of data is the basis for analytics applications that support fairer lending decisions and targeted communications to educate members on the financial matters that impact their lives.

This consolidated view of data also supports faster and more efficient reporting and analysis, another factor behind equitable credit decisions as well as credit union profitability.

INNOVATION AND COLLABORATION

Looking toward a future where inclusivity is part and parcel of credit union operations, API-driven innovation and collaboration is essential. Leading solution vendors realize that limiting innovation to their own systems or in-house teams can rob the credit union and the community of critical new products and services. So, they open APIs to third-party fintechs and developers, creating a broader ecosystem of offerings to credit unions through a simple plug-and-play functionality.

Credit Unions have already recognized that the world is drastically changing. Technology is leveling the playing field and making it possible for credit unions to provide access to the banking services minority communities need to ensure a sound financial future. 

About Finastra

Finastra is building an open platform that accelerates collaboration and innovation in financial services, creating better experiences for people, businesses and communities. Supported by the broadest and deepest portfolio of financial services software, Finastra delivers technology to financial institutions of all sizes. Learn more at finastra.com/communitymarkets.

Puja Agrawal is the Chief Operations Officer of Americas for Finastra.

Her responsibilities include driving growth strategy, transformation, sales, partner ecosystem, go-to-market and



Puja Agrawal
customer success. Agrawal has more than 20 years as a fintech executive, regulatory compliance expert and board advisor. She has been a pioneer in introducing disruptive solutions to the market for financial services.

Footnote

¹ <http://publications.unidosus.org/bitstream/handle/123456789/2051/UnidosUS-Color-Of-Change-Federal-Simulus-Survey-Findings.pdf?sequence=1&isAllowed=y>



The Housing Industry Benefits from a Diverse and Inclusive Workforce

By Marcus Cole
Fannie Mae

Despite the extraordinary events of 2020, the housing industry persevered and adapted. However, momentous events throughout the year, such as our nation's struggles with Covid-19 and racial inequity, highlighted disproportionate economic gaps for people of color.

The U.S. economy has lost trillions of dollars over the years as a result of these disparities that occurred in key economic sectors like housing, but that trend does not have to continue.

Leaders within the housing industry are building a foundation for a better future.

Many of them are choosing to diversify their workforce and advance progress. They are closing the racial employment gap to boost the economy and increase revenue, innovation and their company's competitive edge.

However, this effort toward progress extends beyond leadership. College students and recent graduates with diverse backgrounds can help create a more inclusive workforce. They offer new insights and the desire to drive change.

Internship programs like Fannie Mae's Future Housing Leaders offer a chance for employers to tap into this talent pool through paid internships

and entry-level job opportunities.

Despite industry efforts, historical policies and practices in the United States—such as redlining, exclusionary zoning and predatory lending—continue to limit access to affordable housing options for people of color.

A Citigroup report, "Closing the Racial Inequality Gap,"¹ found that no significant improvements to racial disparities have occurred in the 60 years since the Civil Rights Movement. In fact, in many cases, those disparities grew.

The report points out that if more business leaders had addressed racial inequities in wages, education, housing

and investment 20 years ago, the U.S. economy could have increased by an estimated \$16 trillion.

Credit unions are in a strong position to be at the forefront of change within the housing industry. They can help to strengthen diversity and serve more communities.

For example, the National Credit Union Administration (NCUA) recently launched an initiative called Advancing Communities through Credit, Education, Stability, and Support, or ACCESS.² As part of the initiative, NCUA will update regulations, policies and programs to advance financial inclusion, which NCUA Chair-





CREDIT UNIONS

FANNIE MAE



College students and recent graduates with diverse backgrounds can help create a more inclusive workforce. They offer new insights and the desire to drive change.



and inclusive workforces and supplier chains.

man Rodney Hood called “the civil rights issue of the 21st century.”

In addition, the NCUA program will expand efforts to increase access to credit and loan products, improve the financial literacy needs of underserved and diverse communities, and build diverse

As a housing leader, Fannie Mae maintains its commitment to advance systemic racial equity in the housing industry. Future Housing Leaders is just one way Fannie Mae makes this effort possible. The flexible internship program can either fit with existing recruitment strategies and internship programs or support a new one.

Future Housing Leaders’ robust activities and resources offer employers a number of benefits:

■ They can build relationships with industry peers through thought-leadership opportunities, such as speak-

ing events like the Housing Matters Speaker Series.³

■ They can supplement interns’ on-the-job experience with resources from the program’s full-service educational curriculum, which includes resources like Harvard Manage Mentor and MBA Education.



Credit unions are in a strong position to be at the forefront of change within the housing industry. They can help to strengthen diversity and serve more communities.



■ They can also create networking opportunities for Future Housing Leader participants and use the LinkedIn social networking platform to support connections.

Business leaders who promote diversity and inclusion in their work environments help to strengthen our economy with income and talent while strengthening their own bottom line.

Diverse work environments can foster innovation, creativity and empathy. Workers from diverse backgrounds offer unique perspectives, ideas and experiences that enrich company goals and performance.



Marcus Cole is the Director of the Future Housing Leaders Program at Fannie Mae. The program offers flexible paid internships to help financial institutions create a more inclusive workforce and diversify their job applicant pool, enabling you to keep pace with the next generation of homeowners and renters. Contact Marcus Cole at Marcus_Cole@fanniemae.com to learn more about the program.



Marcus Cole

Footnotes

1 <https://www.citivelocity.com/citigps/closing-the-racial-inequality-gaps/>

2 <https://www.ncua.gov/newsroom/press-release/2020/chairman-hood-reinforces-commitment-financial-inclusion-launches-access-initiative>

3 <https://www.futurehousingleaders.com/for-students>

How to Improve Diversity in the Appraisal Profession

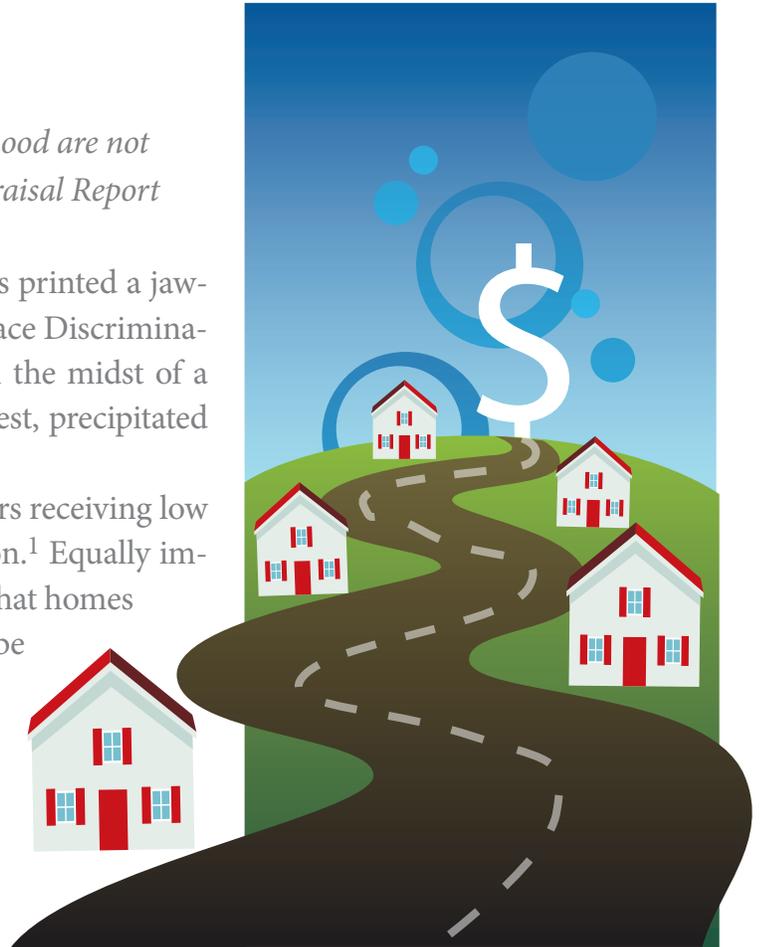
By Sally Carothers
TrUnion

“Race and the racial composition of the neighborhood are not appraisal factors.” —The Uniform Residential Appraisal Report

On August 25, 2020, The New York Times printed a jaw-dropping article: “Black Homeowners Face Discrimination in Appraisals.” The country was in the midst of a pandemic and gripped by widespread social unrest, precipitated by police killings of Black men and women.

The article cited examples of Black homeowners receiving low appraisals, the result of overt racial discrimination.¹ Equally important, the article referenced research showing that homes in majority Black neighborhoods are likely to be valued for 23% less than near identical homes in majority White neighborhoods.

Across all majority Black neighborhoods, owner occupied homes are estimated to be undervalued by \$48,000 per house on average, amounting to \$156 billion in cumulative loss.²



The New York Times article content and references rippled through the appraisal industry. Appraisal organizations and regulatory bodies began looking for solutions: better education, new rulemaking, diversity training, and in a laudable effort, the creation of a partnership with the Urban League.

But although admirable, there is still much more to be done that eliminates pre-conceived definitions of neighborhoods synonymous with the pre-Fair

Housing days of redlining. The undervaluation of housing in Black neighborhood or homes owned by Black owner-occupants has important social implications. Black homeowners realize lower wealth accumulation, potentially making it more difficult to invest in businesses or afford college tuition.

A HISTORY LESSON

The appraisal industry is a key housing market player. Fundamentally tied to

both real estate brokerage and mortgage industries, it stands alone, highly regulated to be unbiased and independent.

Starting in 1935, the FHA began requiring all homebuyers applying for federally insured mortgages to receive a home appraisal. FHA hoped to ensure that mortgage collateral accurately reflected market value.

In the 1980s, the U.S. Department of Housing and Urban Development,



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Fannie Mae and various appraisal organizations sought to standardize appraisals with the introduction of the Uniform Residential Appraisal Report and the Uniform Standards of Professional Appraisal Practice.

These documents were significant for two major components. First, they established a uniform definition of market value that specified the appraised value should reflect “the most probable price” in an open and fair sale. Second, they established the sales comparison approach as the primary method of home valuation.

In 1989, the Financial Institutions Reform, Recovery and Enforcement Act required states to adopt standards for appraisers and appraiser licensing. The U.S. mortgage industry continues to rely on the appraisal industry for collateral valuation, and arguably, the subsequent value and terms of mortgage loans.

Concerned with collusion and appraiser pressure, on the heels of the housing crisis, Congress passed legislation as part of Dodd Frank (2010) to

protect appraiser independence and integrity.

THE VALUE OF NEIGHBORHOODS

Neighborhoods have always been recognized as a key indicator of home value. In the early years of mortgages, neighborhoods were evaluated on the basis of the Homeowners Loan Corporations color-coded maps. Corresponding criteria defined White neighborhoods as the most stable and assigned them the highest value with least mortgage risk. Conversely, Black neighborhoods were assumed to be unstable and given lower values often leading to loan rejection.

In the late 1960s and 1970s this system of “redlining” was outlawed through a series of Fair Housing laws. The appraisal industry could no longer define neighborhoods on the basis of color-coded maps. Instead, appraisers began using the sales comparison approach, which remains today the primary methods of home valuation.

This approach involves the appraiser selecting previously sold houses that are comparable with the subject home. Research suggests that this appraisal process (relying on the appraiser’s selection of comparable homes in similar neighborhoods) can create opportunities

for racialized perceptions of neighborhoods that can influence valuations.³

Sadly, a study published in September 2020 suggests that the disparity between home values in Black and White neighborhoods has increased over the years. The study concludes that contemporary appraisal practices contribute to ongoing inequality, first by the continued use of the sales comparison approach and second because appraisers continue to use neighborhood racial composition to determine which homes are comparable.⁴

The legacy impacts of redlining are a lack of investment in Black communities, disrepair and potential health hazards such as mold and lead-based paint. A recent study by the University of Richmond examined the lasting impact of historical redlining in neighborhoods today. The study shows that the same low-income and minority communities that were intentional cut off from lending and investment now suffer from lower life expectancy and higher incidence of chronic disease that are risk factors for outcomes from Covid-19.⁵

The research published interactive versions of the color-coded maps alongside graphics (See Columbus, Ohio map below.) of how the neigh-

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Housing days of
redlining.”



IMPACT OF REDLINING IN COLUMBUS, OHIO





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neighborhoods fare today for life expectancy and health.

In 2017, the Appraisal Institute provided the following composition for the appraisal professions: 75% male, 87% White, 4% Hispanic, 3% Black, 1% Native American, 2% Asian and 3% other. Comparatively, approximately 12% of accountants are Black and 60% are women.⁶

MODERNIZATION OF INDUSTRY

In June 2019, the House Financial Services Subcommittee on Housing Community Development and Insurance held a hearing titled, “What’s Your Home Worth? A Review of the Appraisal Industry.” Among other issues, the hearing was to address potential disparities in home values in minority communities.

The panel of witnesses included mostly appraisal professionals, but also Andre Perry of the Brookings Institute, co-author of the first research paper noted in this article.⁷ In his book, “Knowing Your Price, Valuing Black Lives and Property in America’s Black Cities,” Perry recalls Rep. Al Green of Texas asking pointed questions of the appraisal lobby: “Do you believe that invidious, invidious is harmful ... invidious discrimination plays a role in the devaluation of property in neighborhoods that are predominated with minorities, but more specifically Black people. If you do believe this, raise your hand.”⁸

As Perry remembers, only he raised his hand. Not surprisingly, few recommendations resulted from the hearing and it took the New York Times article (and subsequent bad publicity) to press the Appraisal Industry into some form of action.

On September 16, 2020, The Appraisal Foundation announced a one-page “Initiative to Grow Diversity and Combat Bias in the Appraisal Profession.” The document acknowledged for the first time that while traditional safeguards (such as the Uniform Standards of Professional Appraisal Practice) exist, there was much more needed to “combat systemic racism in the United States, and that extends to the housing industry.”

The Appraisal Foundation would create a Diversity and Inclusion Spe-

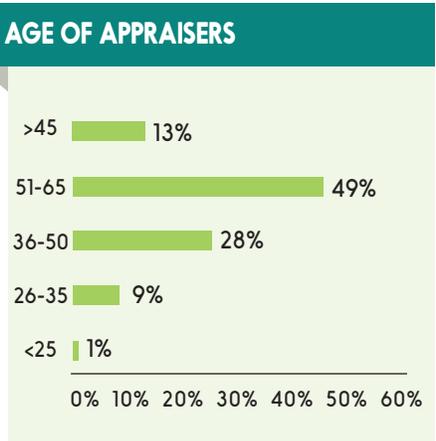
cial Committee to help promote diversity in the Appraisal Profession. Second, educational and qualifications requirements would be amended to include specific content to address bias, discrimination and fair-housing issues in appraisal. Third, the Appraisal Foundation would reach out to historically Black colleges and universities to potentially partner on approved appraiser education.⁹

BRINGING DIVERSITY TO APPRAISERS

As stated in this article, the Appraisal Institute (the largest professional appraisal organization in the U.S.) announced an Appraiser Diversity Pipeline Initiative partnering with Fannie Mae and the National Urban League. The initiative aims to “attract new entrants to the residential appraisal field, overcome barriers to entry (such as education, training and experience requirements) and to foster diversity.”¹⁰

Both proposals to increase diversity in the appraisal profession are noble initiatives. Unfortunately, they face an

“*Sadly, a study published in September 2020 suggests that the disparity between home values in Black and White neighborhoods has increased over the years.*”



uphill battle.

Simply put, the appraisal profession is in danger of “aging out” with a precipitously low volume of new appraisers. The 2017 Appraisal Institute study referenced above, showed that only 3% of professionals have less than 1 year of experience, 4% have 1-2 years of ex-

perience, and 4% percent have between 3-4 years of experience. Further, 52% of professionals are 51 or older, and just 10% are 26 or younger.

Arguably, the current infrastructure of the appraisal industry is fraught with risk. Not only is the profession aging out, but current business practices obstruct the entry of new professionals.

Typically, the path to residential appraisal certification includes a four-year degree, additional appraisal education and at least two years of work experience.

The current appraisal industry lacks the institutional structure to support these requirements. Appraising remains a “cottage”

industry, with approximately 35% of appraisers as sole proprietors with no partners or employees. Other appraisal firms are typically small with less than 30 employees, and hardly conducive to providing employment for trainee college graduates.

Unless there is a major shift in the structure of the appraisal industry, it will not be able to attract young talent—Black, minority or otherwise.

Tangentially, the appraisal profession remains grounded in the sales comparison approach that implicitly promotes lower values in Black and minority neighborhoods.

In 1997, City Limits published an article, “City Views: The Price in Wrong.” The article argued that an unfair appraisal is a “legalized form of theft.”

William Pittenger, a Chief Appraiser and former bank examiner is widely quoted in the article. He suggested that the lending industry look critically at the appraisal process, “and you will discover the potential for discrimination at almost every step along the way.” He argued that suburban property standards dominate the appraisal industry and can lead to misinterpretations of a racially diverse urban setting.

Although lenders and appraisers now avoid such prejudicial language as “poor neighborhood” or “pride of ownership,” values remain entrenched



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in the concept of “lower value” urban areas.¹¹

Ultimately, lack of diversity and discriminatory actions could impact the volume of work conducted by home appraisers. Already, shortages of appraisers in many markets pushed lending regulators to allow appraisal waivers for lower transaction amounts, and Fannie Mae and Freddie Mac allow appraisal waivers under specific circumstances.

Furthermore, automated valuation models utilizing sophisticated technology have become increasing more accurate in recent years. Of course, these models lack a physical inspection by an appraiser that, in due course, can be replaced with technology. Quite simply, unless systematic discrimination is addressed in the appraisal industry, the source of that discrimination, the appraiser, will be removed.



The current infrastructure of the appraisal industry is fraught with risk. Not only is the profession aging out, but current business practices obstruct the entry of new professionals.

SOLUTIONS FOR CREDIT UNIONS

The risk for a credit union from systematic discrimination in the appraisal field is immense. Of course, individual bias or discrimination has legal consequences. But, holistically, credit unions have a vested interest in protecting member wealth.

Individual review of appraisal transactions can be cost-prohibitive, but periodic portfolio stress testing for potential under- or over-valuation in particular market

areas is entirely possible via technology and automated valuation models.

Credit unions should expect a commitment to diversity from their appraisal management companies (AMCs) and appraisers. Their appraiser panel should reflect their members and serve the community—whether, urban, suburban or rural. AMCs must ensure not only a diverse panel, but a commitment to adequate training and education on non-discriminatory practices.

Additionally, quality control meth-

odology and underwriting must be attuned to recognizing potential racial bias through descriptors or misapplied processes:

- Does the appraiser fairly describe the neighborhood?
- Are the condition and quality ratings accurate or misapplied?
- Are the comparable sales utilized truly comparable?

About TrUnion

TrUnion was founded in 2012 with mutual support from credit unions and appraisers to efficiently and fairly manage residential and commercial valuations. TrUnion services communities in more than 30 states, providing high-quality valuation products. TrUnion's expert and experienced staff efficiently navigate lender clients through the appraisal cycle with real time communication, transparency and solutions.

- Are the comparable sales arms-length transactions?
- Does the appraiser provide accurate and fair reconciliation to the value?

Ultimately, all mortgage professional must be aware of potentials for discrimination in lending practices. Credit unions may fail to associate that discrimination in their valuation process. ▲

Sally Carothers has more than 30 years of appraisal experience and is a Certified General Appraiser in Ohio, Illinois and Arkansas. She is CEO/owner of Trunion Appraisal Services, an Appraisal Management Company that specializes in credit union clients. Carothers sits on the Industry Advisory Board of The Appraisal Foundation, writes and presents valuation-specific education and mentors young appraisal professionals.



Sally Carothers

Footnotes

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IN A CHALLENGING YEAR, ACUMA STEPPED UP.

When 2020 turned into the strangest year in memory, shutting down businesses and complicating social gatherings, ACUMA pivoted to a safer virtual world. We did so in order to continue providing educational opportunities for our members to keeping you up-date-date on developments within our industry and showing you how to continue doing business during the pandemic. Here are our offerings during the past year—things we'll continue to keep doing even after we can safely meet in person again.



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- "How to Protect Business during COVID-19" with Dale Vermillion, mortgage industry trainer, speaker and consultant.
- "Are You Ready for Digital Mortgage Closings?" with mortgage compliance attorney Amanda Phillips.



Important industry topics covered during September's annual event.

- "How to Manage High Volume during a Pandemic" with Bernie Chavira, Define Mortgage Solutions; Herb Behrens, BCU; and Ryan Doehrmann, GreenState Credit Union.
- "Enterprise Risk Management" with Beth Millstein, Millstein Consulting; Gwen Muse-Evans, GME Enterprises; and Tim Mislansky, Wright-Patt Credit Union.
- "New Technology or New Processes? Or Both?" with Will Vickers, Arch U.S. MI; Michelle Burke, Westerra CU; and Craig Sacia and Andrea Ratajski, Altra CU.
- "Housing Policy. Demographics and Minority Homeownership" with Michael Neal, Housing Finance Policy Center at the Urban League.
- "Affordable Lending" with Geoff Cooper, MGIC; Sean Moss, Down Payment Resource; James Hunter, New Orleans Firemen's FCU; and Rod McGinniss, Homeownership Preservation Foundation/GreenPath Financial Wellness.
- "Connecting with Emerging Majorities" with Gail Cox, AC&M Group.
- "Industry Leaders Roundtable Discussion" with Scott Happ of Optimal Blue, Michael Schmeiser of Arch U.S. MI, Mark Casale of Essent, Sal Miosi of MGIC and Derek Brummer of Radian.
- Additional sessions considered "Quality Control and Compliance," "Economic Outlook," "Loan Processing and Underwriting Retooled" and "Forebearance and Referral Process Retooled."

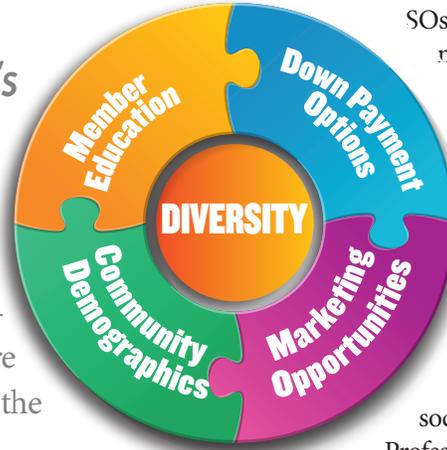
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Walking the Lending Tightrope

Serving Your Entire Community's Home Loan Needs

By Wallace Jones
Member First Mortgage



The credit union philosophy of people helping people is simple. There are no qualifiers or definitions of the word “people” inherent in this philosophy.

That is one of the many things that makes credit unions unique. Credit unions want to serve the financial needs of their members as well as provide financial services to all in their community.

“Community” may be defined as territories where people are eligible for membership, or “community” may mean the credit union’s SEG group population.

Providing opportunities for home ownership may be the most important thing you can provide for the current and long-term financial stability of your members.

The first step you can take is to evaluate your community’s demographic makeup to determine your strategies for lending policies, the products you offer and how to market your program.

Review your current marketing campaigns with an objective eye to make sure they would be welcoming to all in your community. For example, having a family standing next to a SOLD sign at a 10,000-square-foot home might unintentionally make someone think that you don’t want to lend to them if they are looking for a small starter home.

Diversify your marketing efforts accordingly, based on the demographics of your community. Make sure your compliance department signs off before utilizing any campaign because once

launched, it will be readily available for everyone to view—including your regulators.

Once your marketing efforts are successful, you will need to have the right product mix and lending policy to provide to your current and potential members.

Since lack of down payment is the No.1 obstacle to home ownership, consider some low-down payment options for home loans:

- Work with mortgage insurance companies or your lending partner to develop low down payment programs that provide the lender the protection of mortgage insurance.
- Network with other credit unions that offer low- or even no-down pay-

ment options to get help developing your own home loan products. Get tangible information from them such as qualifying guidelines and delinquency numbers to help support your efforts in obtaining approval to launch a new program.

- Consider leveraging mortgage CUSOs and other lending partners if you need assistance offering low down payment loan products, such as FHA, VA, USDA or Fannie Mae and Freddie Mac’s 3% down payment options.

Exploring these options can help you diversify your membership as well as increase homeownership among your members. For example, according to the National Association of Hispanic Real Estate Professionals (NAHREP) 2019 State of Hispanic Homeownership report, most Latinos rely on low down payment products, and their average down payment in 2018 was 3.5%.¹

The balance of offering loans that meet approval from the board and the regulators but also provide affordable home ownership products for your diverse community may be challenging, but the effort will be worth it.

Educate your members and community, market diversely and provide home loan products that meet your community’s needs. The financial well-being of your current and prospective members depends on it. ▲

Wallace Jones is Vice President of Training and Business Development for Member First Mortgage, LLC, a credit union-owned mortgage CUSO. Jones has more than 30 years of experience as a loan officer, appraiser, construction lender and public speaker. He received a Bachelor’s Degree in finance from University of North Texas.



Wallace Jones

Footnote

¹ <https://nahrep.org/downloads/2019-state-of-hispanic-homeownership-report.pdf>



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Mixing Things Up

Diversity Begins with Your Mortgage Product Mix

By Bob Sadowski
myCUMortgage

When we talk about the “credit union way” of doing business, we’re talking about people helping people, which is the very foundation of the modern-day credit union.

It’s about helping members establish, maintain and exceed their financial goals through various products and excellent service. And most importantly, it’s about helping ALL members.

Much like we sometimes refer to the United States as the Great Melting Pot, credit unions typically have a very diverse membership base. While the members may share the credit union’s field of membership and an appreciation for the numerous benefits of a financial cooperative, each member has a set of unique financial needs, including mortgages.

With this in mind, how can a credit union assist its diverse membership who have diverse mortgage wants and needs? Simply put, a credit union needs to offer a diverse mortgage product mix.

Credit Union Service Organization (CUSOs) help their credit union partners provide products and services that best serve each CU’s unique situation and membership.

Recognized as experts in the credit union mortgage industry for nearly 20 years, myCUMortgage has always focused on the need to provide a diverse mix of products and continues to help its partner credit unions establish various mortgage offerings and services. One way this is encouraged is through government lending.

Often overshadowed by more con-

ventional lending options, government lending presents an ideal opportunity for credit unions to help their diverse membership base become homeowners through flexible credit requirements and low or no downpayments.

TRIO OF GOVERNMENT LOANS

The three types of government loans from which your members are most likely to benefit include FHA, VA and USDA:

Federal Housing Administration (FHA) loans



offer low down payments that are as little as 3.5% of the purchase price. One major benefit of this program is that members with lower credit scores may qualify.

FHA also has shorter waiting periods for significant derogatory events, such as bankruptcy and foreclosure. If the member has a reasonably higher credit score, they may be able to qualify with a higher debt-to-income ratio than they could on a conventional loan.

FHA financing is available for one- to two-unit primary residences.

U.S. Department of Veterans Affairs (VA) loans offer eligible veterans or active duty service members home financing with no money down and no monthly mortgage insurance premiums. This can only be used to purchase or refinance primary residences.

The veteran is also able to increase housing size over time with bonus entitlement.

U.S. Department of Agriculture (USDA) loans offer financing for eligible members in certain rural areas with no down





payment. The borrower must be within the low-to-moderate income guidelines to qualify, and the home must be in an eligible area.

Many properties that are not assumed to be rural may be eligible. This program can be used for primary residences only.

LOAN ADVANTAGES

As is readily evident, there are advantages for a credit union to offer government loans to its membership base. These loans are quietly gaining in popularity with homebuyers—in 2019, one in four mortgages were FHA, VA and USDA loans, and one-third of Millennials chose FHA loans to purchase their homes.

With these types of results and the need to continually diversify mortgage

offerings, credit unions have a lot of potential with government lending. Unfortunately, most have yet to seize this opportunity.

While the overall mortgage market share of credit unions continues to hover around the 9% mark, according to 2019 data from the Callahan Mortgage Analyzer, credit unions' use of government loans for first-lien purchase transactions was only 3.6%. That number decreases to 2.8% when refinances are factored in.

So why aren't more credit unions using government lending as a logical tool to assist their diverse memberships in meeting their home ownership needs?

The team at myCUMortgage often asks credit unions that very question, and the answers are consistent:

- "We don't understand how we can offer government loans."
- "Isn't it a big hassle to provide these to members?"
- "We simply don't have the staffing to

add these to our mortgage product offerings."

All those reasons make sense, but they're not insurmountable.

Navigating the red tape involved in providing FHA, VA and USDA loans can seem like an epic undertaking. But it doesn't have to be.

Many credit unions are already eligible to offer secondary market loans like these, including those with 30-year terms. Find a mortgage partner who can assist, and you'll soon see your mortgage product mix becoming more diversified.

While the members may share the credit union's field of membership and an appreciation for the numerous benefits of a financial cooperative, each member has a set of unique financial needs, including mortgages.



OTHER MORTGAGE PRODUCTS

In addition, there are other mortgage products available to diversify your mix. One example is HomeReady®, a product of Fannie Mae. The HomeReady mortgage is designed to help credit unions and other mortgage lenders confidently serve today's

credit-worthy low-income borrowers.

According to Fannie Mae, the benefits of this program include downpayments as low as 3%, flexible funding and competitive pricing. Again, a mortgage partner can help explore diversifying your product mix with a HomeReady Mortgage.

INFORM AND EDUCATE

Another factor that must be considered when trying to reach a diversified membership is the need to inform and educate your members about these products. You can't simply build up your mortgage offerings and expect members to start filing applications.

You need to market your diversified product mix, both as a whole and as individual products. Consider incorporating this information into homebuying seminars and other member communications.

From a member's perspective, seeing that there are programs available to suit their individual needs speaks volumes on the practice of people helping people. Making this major financial decision with assistance from the credit union they already know and trust will also be appeal to members.

The bottom line is that having diversity in your credit union mortgage product mix will help you reach diverse segments of your membership and meet their financial housing needs.

By truly living the credit union way and offering products for ALL members, you'll reach the ultimate goal of any credit union mortgage provider: Getting more members into homes.



Bob Sadowski is the Marketing Specialist for myCUMortgage, where he's held that position for more than five years. Prior to myCUMortgage, he held similar positions at ACCO Brands,



Bob Sadowski

LexisNexis and the Dayton Area Board of Realtors. Sadowski holds an Accreditation in Public Relations (APR) through the Public Relations Society of America.

Navigating an Ever-Changing Regulatory Landscape Amid the Covid-19 Pandemic

By Kacey Olsen
ACES Quality Management

Certainty was in short supply for much of 2020, but as the calendar turns to 2021, what has become clear is that mortgage lending will continue to feel the effects of the Covid-19 pandemic well into the new year.

While compliance generally tops the list of mortgage lending concerns, the long-tail effects of mortgage-specific provisions of the Coronavirus Aid, Relief and Economic Security Act of 2020 (CARES Act), as well as the overall industry response to the challenges presented by Covid-19, present new compliance challenges for both mortgage origination and servicing.

To meet these challenges, credit unions will need to double down on areas related to customer service, loss mitigation, fair lending and investor compliance, and they will need to keep a close watch on state legislative changes and regulatory actions.

The mortgage servicing landscape is undergoing its largest transition since the Great Recession. The CARES Act has brought tremendous changes in the way servicers conduct credit reporting, as well as process forbearances, foreclosures and evictions.

SERVICING COMPLIANCE

While navigating through the multitude of requirements issued by the agencies, GSEs, and states in support of CARES Act provisions since March, servicers are also looking to the future

and the potential litigation risks that will inevitably come to light.

While there is no stated private right of action under the CARES Act, there remains the potential for claims under Unfair, Deceptive & Abusive Acts or Practices (UDAAP). Servicers must ensure all loss mitigation evaluations are fully documented and all related policies and procedures are adhered to consistently. This ensures each borrower is evaluated similarly, unhampered by artificial barriers or prejudices or preferences, except when particular distinctions can be explicitly justified by defined guidelines. Fair servicing data analysis reviews should be conducted routinely.

Servicers should ensure files are adequately documented to support instances where forbearances have been

granted for less than the allowable 180 days, including capturing the borrower's specific request for the shortened period.

For post-forbearance workout plans, it will be critical to ensure there is clear documentation of each loss mitigation evaluation, offer and decision. Files must contain accurate documentation accounting for the post-forbearance loan balances, including any interest and escrows.

The CFPB enacted a new third anti-evasion rule under Regulation X, the Real Estate Settlement and Protection Act (RESPA), allowing servicers to evaluate applications for post-forbearance workout options based on incomplete applications.

Servicers exercising this option who fail to comply with the conditions for





CARES ACT

the exception face risks of a private right of action for attorney fees, out of pocket and emotional distress damages, plus up to \$2,000 statutory damages where there is a pattern or practice.

ORIGINATION COMPLIANCE

Mortgage lenders are not without their share of challenges. In a historically-low interest rate environment, lenders prepared for implementation of Fannie Mae and Freddie Mac's new adverse-market refinance fee of 0.5%, required for all refinance transactions with loan balances above \$125,000 and effective on Dec. 1, 2020.

The CFPB has been ac-

tive in enforcement, most notably with regard to the nine consent orders issued to lenders that use deceptive mailers to advertise VA-guaranteed mortgages. As part of the lender's risk and oversight, marketing reviews should be amended to ensure proper controls are in place to avoid these types of UDAAP implications.

HUD also issued a final rule revising the disparate impact standards in its 2013 rule, establishing a uniform standard for determining when a policy or practice has a discriminatory effect that violates the FHA. As part of a lenders fair lending program, lenders will want to ensure that each policy or practice serves a "valid interest."

JOINT COMPLIANCE CONCERNS

Mortgage lenders and servicers should also remain cognizant of states' efforts to create so-called mini-CFPBs.

Currently, Maryland, New York, New Jersey and Pennsylvania each have increased their consumer financial protection efforts, creating dedicated departments and refocusing existing resources to oversight.



The CARES Act has brought tremendous changes in the way servicers conduct credit reporting, as well as process forbearances, foreclosures and evictions.



California is the latest, with the rebranding of the Department of Business Oversight (DBO) to the Department of Financial Protection and Innovation (DFPI), effective January 1, 2021.

These state departments are tasked with ensuring licensed entities are not engaging in unlawful, unfair, deceptive or abusive acts or practices with respect to consumer financial products or services. As noted previously, strong fair lending policies and oversight



Servicers should ensure files are adequately documented to support instances where forbearances have been granted for less than the allowable 180 days, including capturing the borrower's specific request for the shortened period.



programs are essential to remaining compliant.

As a direct result of the Covid-19 pandemic, lenders have seen an explosion of Remote Online Notarization (RON) state provisions, both permanent and provisional.

As the country adjusted to lockdowns and an embrace of remote work arrangements, RON has become a key tool for business continuity plans. As part of the lender's risk and oversight, reviews should be amended to include evaluation of these unique provisions, including adjusting the review for the multiple types of notarizations permitted.

CONCLUSION

With so much still in flux, few certainties exist for the coming year. What credit union mortgage lenders can rely on, however, is the emphasis on compliance that comes along

with periods of uncertainty.

Though it is not uncommon for the mortgage regulatory landscape to shift from year to year, the events of 2020 have accelerated and complicated mortgage compliance challenges to an unusual degree. As a result, credit unions must be more diligent and flexible than ever to ensure compliance with both temporary measures related to the pandemic and on-going compliance requirements. ▲

Kacey Olson is Director of Compliance at ACES Quality Management. Her achievements include spearheading advancements in the ACES Quality Management & Control



Kacey Olson

Software™, giving lenders more efficient, simplified tools for achieving the highest level of quality and compliance. Prior to ACES, Kacey spent nearly 20 years at EverBank, where she was a Compliance Analyst. Contact her at kolson@acesquality.com.

ARMs Can Diversify Mortgage Options

They Also Combat Downturns and Instill Greater Member Trust

By Andrew Duncan
TruHome Solutions



Until the pandemic hit, adjustable rate mortgages (ARMs) had been working their way back into the mainstream despite the bad rap they earned during the housing crisis.

Ellie Mae reports show the number of mortgages with adjustable rates increased from 5.5% of all new originations in January 2018 to 8.6% in January 2019.

Leading up to the 2008 crisis, lenders originated an increasing number of ARMs with initial adjustments after just one year, or within the first couple of years. This quick adjustment frequency, combined with substantial rate increases at each adjustment, led to significantly higher and unsustainable mortgage payments in a short period of time.

As a result, many ARM borrowers defaulted.

One problem with ARMs originated before the housing bubble burst: the prepayment penalty, which discouraged borrowers from refinancing—if they even had enough equity to do so. (Many lenders approved ARMs for purchase transactions in those days with no down payment required.)

RULES HAVE LIMITED RISK

Safeguards built into today's ARMs make them less risky. Lenders now

properly qualify borrowers based on how much future payments will be after the rate adjusts, instead of only the initial lower payment amount—a common practice before the subprime mortgage market collapsed.

Current ARMs also limit how much a mortgage can adjust, and include caps that prevent the interest rate and payments from rising too quickly.

With mortgage rates at historic lows, borrowers are more likely to choose

fixed-rate mortgages than ARMs. But when interest rates go up, ARMs will regain popularity as an attractive option to borrowers, especially members who do not expect to be in their homes for a decade or longer.

Credit unions that offer ARMs diversify their mortgage options and meet the needs of different kinds of borrowers. They also gain competitive advantages that allow them to better serve members and create another source of new loans.

By taking advantage of a lower initial rate, borrowers whose long-term intentions align with ARM features can save money and more quickly pay down their obligations, creating future wealth and bor-



Safeguards built into today's ARMs make them less risky. Lenders now properly qualify borrowers based on how much future payments will be after the rate adjusts.



rowing potential.

In turn, credit unions benefit by producing a true widget in the world of loan originations: a risk-friendly asset that can be held in portfolio (if properly underwritten) and sold to turn capital as necessary.

ANTICIPATING A DOWNTURN

As the economy normalizes, most credit unions, which are now experiencing a pandemic-induced mortgage and refi boom, expect volume decreases. ARMs can help combat such inevitable downturns in business.

They can also, however, present unique challenges for credit unions, whose core systems often cannot adequately originate or service the loans.

Key compliance challenges include:

- Unique early disclosures.
- Calculations in the origination process.
- Adjustment notices.
- Considerations in loan servicing.



As the economy normalizes, most credit unions ... expect volume decreases. ARMs can help combat such inevitable downturns in business.



The impending discontinuation of LIBOR also has important implications for new originations and requires comprehensive risk assessments in the servicing of impacted legacy ARMs.

The advantages of properly offering ARMs, however, far outweigh the hurdles credit unions must clear to do so.

SOLUTIONS FOR CREDIT UNIONS

Solutions include a seamless, white-label partnership with the right credit union service organization (CUSO) that can manage the entire mortgage operation behind the scenes. Or, credit unions can take on the task themselves

by upgrading technology, searching for a secondary market outlet and training staff to ensure salability.

Whatever route they take, credit unions that expand their mortgage lending programs also ultimately build greater member trust and satisfaction. Offering a comprehensive selection of products helps to ensure they can match diverse borrowers with the mortgages that best suit their varied needs.



Andrew Duncan is Vice President of compliance at TruHome Solutions, a CUSO-owned mortgage company offering a full range of private-label services to credit unions nationwide. In his role, Duncan helps solve compliance gaps and challenges, affording credit unions time and resources to do what matters: serve members.



Andrew Duncan

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RESPA, Assembly Lines and 'I Love Lucy'

How Document Vendors Handle Initial Disclosures

By Clint Salisbury
IDS

“I Love Lucy” is one of the most influential sitcoms in TV history, and in 2012 it was voted in one poll as the “Best TV Show of All Time.”

One of the most recognizable scenes from its six-year run is Lucy and Ethel working on the assembly line at the chocolate factory. What starts out as manageable quickly leads to the pair fighting a losing game.

As more and more chocolates roll by, Lucy and Ethel begin jamming them in their mouths and stuffing them down their shirts and under their caps to avoid letting their boss know they are having issues and can't keep up.

With increased loan origination volume this year, initial disclosure maintenance has led some processors to increase their operational efficiency in order to avoid finding themselves in their own Lucy-and-Ethel type of calamity—overwhelmed, underperforming and with some explaining to do.

Perhaps the most important aspect of managing initial disclosures, or loan estimates, at least from a regulatory perspective, is making sure the consumer has received them, whether by mail or email, no later than three days after application.

RESPA REQUIREMENT

The Real Estate Settlement and Procedures Act (RESPA) states, “The creditor

is responsible for delivering the loan estimate or placing it in the mail no later than the third business day after receiving the application.”¹

It's important to recognize that even as the mortgage industry is pushing to go completely digital, paper still plays a role in the document process due to the need for a fail-safe document delivery method, among other reasons. The complexity in abiding by this rule emerges in keeping track of whether a consumer has received the disclosures by email, and then mailing them out, if required.

Credit unions can use document vendors to keep track of when disclosures must be mailed. If necessary, the document vendors can then mail the

documents at a reasonable cost. This can provide a tremendous amount of peace of mind.

Here's how it works: Once the credit union orders and emails the disclosures to the borrower, the document vendor's system starts monitoring the order against the RESPA three-day mailing requirement.

If the borrower does not open the disclosures in their email in a timely



“
Even as the mortgage industry is pushing to go completely digital, paper still plays a role in the document process due to the need for a fail-safe document delivery method.



GETTY IMAGES/CBS PHOTO ARCHIVE

manner, the mailing requirement is triggered, and the disclosures are automatically printed and sent to the fulfillment center assembly line to meet compliance requirements.

DOCUMENT-PREP ASSEMBLY LINE

Due to the nature of mailing physical documents, a document vendor's fulfillment center features an actual assembly line, not a metaphorical one.

A team of fulfillment operators far more efficient and qualified than Lucy and Ethel line up along tables, and going from one person to the next, goes to work addressing envelopes, stuffing envelopes, running the postage machine, applying the postage, and placing them

in a transport container supplied by the post office.

At this point, the disclosures are ready to be hand-delivered to the post office.

Once the mortgage boom of 2020 began, document vendors and their fulfillment centers faced the challenge of quickly scaling up operations while remaining cost-effective and productive. In many cases, document volumes were up as much as 100% or more over 2019 totals.

This scaling up led to document vendors and their fulfillment centers increasing staff and upgrading equipment such as printers to handle the increase in production.

In some cases, fulfillment centers looked for ways to increase the efficiency of delivering the documents to the post office, such as purchasing a cargo van to decrease the number of daily trips to the post office.

These extra measures taken by docu-

ment vendors to ensure the grunt work gets done efficiently and accurately allows credit unions to focus their energy on matters other than ensuring documents are delivered to the borrower in accordance with the RESPA three-day mailing requirement.

SWEET SENSE OF FULFILLMENT

Creditors can rest assured that there are solutions that make managing initial disclosures a whole lot easier, especially as the mortgage applications keep rolling in one after the other.

Rather than having a Lucy and Ethel situation in which overwhelmed processors might be stuffing documents, envelopes and postage stickers under a desk, creditors can utilize a document vendor's fulfillment center and well-staffed assembly line to mail out disclosures efficiently, accurately and within regulatory requirements.



In 2020, document vendors and their fulfillment centers faced the challenge of quickly scaling up operations while remaining cost-effective and productive. In many cases, document volumes were up as much as 100% or more over 2019 totals.



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



Clint Salisbury

Footnote

¹ <https://www.cfpaguide.com/portalresource/tilarespadiscrueguide.pdf>



ACUMA

MAKING AN IMPACT FOR 25 YEARS

Even though ACUMA has been focused on responding to the Covid-19 pandemic, we haven't forgotten that 2021 marks the 25th year of the association. It's grown from very humble beginnings (originally the American Credit Union Housing Alliance) into a large organization with hundreds of members. Here's a "snapshot" timeline of ACUMA's first 25 years. Here's to another 25, and more.



Shannon and Steve VanSickler attend the 2001 Spring Conference on Coronado Island.



Speaker Tracy Ashfield addresses attendees at the 2002 ACUMA Spring Conference in Scottsdale, Arizona.

1996

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Fax: 206-581-2975
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Fax: 310-536-9627
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Members: 154,000
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Fax: 818-552-1098
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Fax: 916-368-3883
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Members: 103,000
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Sunnyvale, CA 94086
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Fax: 408-736-8264
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Karen Meyer, VP
714-755-5900 x 403
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- Langley Federal CU
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Hampton, VA 23666
Contact: Simon, Kitty
AVP Real Estate Lending
Tel: 757-825-7108
Fax: 757-825-7544
Assets: \$560,000,000
Members: 110,000
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4875 Eisenhower Ave. #100
Alexandria, VA 22304
Contact: Conlon, Mark
Mortgage Origination
Tel: 703-823-5211 ext. Fax: 703-823-9065
Assets: \$135,000,000
Members: 35,000
- LA Police Federal CU
16150 Sherman Way
Van Nuys, CA 91405
Seeber, Lynn
Loan Services Manager
Tel: 818-779-3313
Fax: 818-782-0175
Assets: \$311,000,000
Members: 33,000
- CUMANET, Inc.
371 Main St.
Hackensack, NJ 07601
Dennis Fitzpatrick, Pres.
Tel: 800-928-6263 ext 101
Fax: 201-343-8734
CUSO for all CUs 836
Members: 600,000
- Luke FCU
9601 N. Black Canyon Hy.
Phoenix, AZ 85021
Contact: Steve Becker,
President/CEO
- Bethpage FCU
800 So. Oyster Bay Rd.
Bethpage, NY 11714
John Caravella,
Manager - Mortgage Dept.

2000

ACUMA started out with about two dozen credit unions and three sponsors.

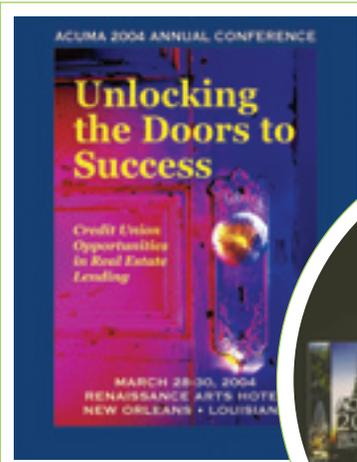


Dave Dos, left, and Geoff Bacino do some networking between sessions at the 2000 Conference in Las Vegas.

2002



Pete Pannes of CMG Mortgage Insurance speaks at the 2002 Fall Conference in Las Vegas.



The 2004 Fall Conference theme has ACUMA "Unlocking the Doors to Success."



Lorraine LaChappelle of CU Members Mortgage, second from right, joins models posing as the "Rat Pack" at the 2007 Fall Conference in Las Vegas.



MBA Economist Doug Duncan speaks at 2005 Spring Conference in New York City.



The 2008 Spring Conference "invades" Opryland in Nashville.



In 2010, ACUMA offers a "Conference Broadcast" of its Annual Conference in Las Vegas.

2004

2006

2008

2010



Freddie Mac's Dave Stevens speaks at the 2004 Fall Conference in Las Vegas.



L-R are Linda Hopkins of LGE Community CU, Pat Wheeler of United Guaranty, and Eileen Galligan of Digital CU at 2006 Spring Workshop in San Antonio.



L-R are John Reed, Bob Street (ACUMA Board members), NCUA Chair JoAnn Johnson and Steve VanSickler (Visterra CU) in 2009.



Bob Dorsa makes an introduction at the 2008 ACUMA Spring Conference in Nashville.



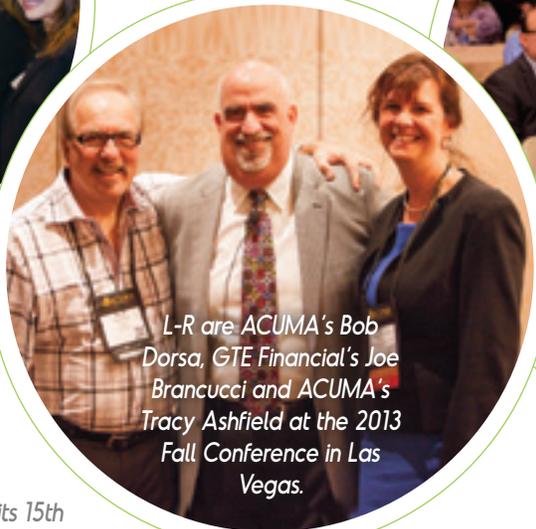
L-R are ACUMA Board Member Bob McKay with 2011 Fall Conference speaker Duane Knapp (BrandStrategy), ACUMA President Bob Dorsa, and speakers Jon Wolske (Zappos) and Terri Murphy (Terri Murphy Communications).



Attendees fill a general session room at the 2015 Annual Conference in Las Vegas.



ACUMA marked its 15th anniversary in 2011.



L-R are ACUMA's Bob Dorsa, GTE Financial's Joe Brancucci and ACUMA's Tracy Ashfield at the 2013 Fall Conference in Las Vegas.

2012

Top, MGIC's Mark Marple and Fifth Third Bank's Steve Yaninack at 2012 Fall Conference breakout session. Bottom, L-R are United CU's Jeff Leap with ACUMA Board Members Barry Stricklin and Tim Mislansky.



2014



Presenter Erik Wahl creates a portrait (to be auctioned for charity) at the 2014 Fall Conference in Las Vegas.



Attending the 2015 Fall Conference in Las Vegas are Delta Credit Union's Pam Davis and Desert Financial's Bernie Chavira.

2016



Presenter Juliet Funt entertains the general session audience at the 2016 Fall Conference in Washington, D.C.

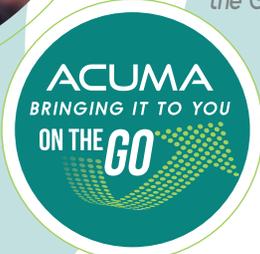
Another general session crowd listens to a presentation at the 2018 Annual Conference in Las Vegas.



At 2019 Annual Conference, Amy Moser (left) talks with fellow ACUMA Board Member Bernie Chavira.



Turning to virtual learning amid the pandemic, ACUMA introduces its "On the Go" program.



2018

2020

L-R are MBA's Mike Frantantoni, ACUMA's Bob Dorsa and Tracy Ashfield, and MBA's Tricia Migliazzo at the 2015 Fall Conference in Las Vegas.



Outgoing ACUMA President Bob Dorsa displays his "RETIRED" shirt, presented by hotel staff at the 2019 Fall Conference at National Harbor, Md.



ACUMA President Tracy Ashfield monitors the 2020 Virtual Conference from "the studio."

The Fall Conference theme, Mortgage Heroes, honors CU employees who went above and beyond during the challenges of 2020.



Fast-Track Training Program

Ent CU's Two-Year Plan Pays Off Ahead of Schedule

By Paul Johnson



A training program at Ent Credit Union paid dividends even earlier than expected as refinancing volume skyrocketed.

When mortgage applications nearly tripled in less than a week in late February 2019, Ent was swamped. But Ent had an ace up its sleeve—or more specifically, seven aces.

Ent, headquartered in Colorado Springs, Colorado, with assets of \$7 billion, had initiated the training program, EntRANCE (Ent Relevant Abilities Needed to Contribute Effectively), with the first class of seven starting in January 2019.

The seven trainees had been rotating through eight areas of consumer and mortgage lending. The plan was to spend three months in each area during the two-year program.

Four trainees had cycled through mortgage lending and were in their first rotation on the consumer side. Three had cycled through consumer lending and were finishing up their first cycle on the mortgage side.

Then Covid-19 came along and mortgage rates plummeted,

piling even more stress on an already-busy mortgage business.

TRAINEES STEP UP

“We were in a pinch,” said Bill Vogoney, Chief Revenue Officer. “They helped us out in a big way.”

The trainees stepped up, even though they had to help from a distance.

“We didn’t expect to be working at home, we had already gone through a refi boom and then rates dropped again, and all of sudden

we had a huge backlog,” says trainee Aaron Goettel. “EntRANCE trainees were some of the first people they called. We just dived right in, willing and able to do so.”

When Ent executives built the program, the idea was to set itself up for success in the long term, so the short-term boost was an added bonus.

Joanne Brooks, consumer lending training manager at Ent, notes one measure of success: “All seven are still here and are choosing their future positions. They’re going into areas where we



Bill Vogoney



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CONSUMER AND MORTGAGE LENDING TRAINING

have a critical need.”

Ent has already got a second class on board. Six trainees started their two-year stints in July 2020. And Brooks says plans are in the works for a third class to be hired and start their training in mid-2021.



Joanne Brooks

HOW THE PROGRAM DEVELOPED

Vogeney, who as CRO oversees lending, risk and analytics and who describes himself as chief lending geek, made the decision to institute EntRANCE. In the true credit union spirit, though, he doesn't want to take full credit.

“I don't know that I'm totally responsible,” he says, noting that he had been advocating updated hiring and employee development models for the entire credit union.

Vogeney said an employee about three years ago made this observation:

Ent's pipeline for consumer lending was drying up. For years, many member service reps gravitated to consumer lending after getting exposure to lending while at Ent's branches. They took applications and helped close loans and realized they knew something about lending

and would like a career in lending.

In recent years, though, Ent had more part-time reps who weren't getting the lending exposure. At the same time consumer lending was growing so strongly Ent had more dedicated lending people in the branches.

With fewer reps dabbling in lending, as Vogeney put it, the pipeline was drying up.

“A lightbulb came on in my head,” said Vogeney of the employee's comments. “He made an astute observation.”

FLESHING OUT THE PLAN

So Vogeney got together with lending managers and sketched out a program over the next year. They came up with the idea for a two-year plan to rotate trainees through consumer and mortgage lending, which, as anyone reading this knows, has been on a tear. (Vogeney noted that in 2017 Ent funded nearly \$700 million in mortgage loans. He said he expects mortgage lending at Ent to approach \$2 billion in 2020, nearly triple what Ent did just three years earlier.)

It fell to Brooks, the training manager, to flesh out Vogeney's sketches.

“On my job description was ‘develop and manage the EntRANCE program,’” says Brooks, whose British accent is still evident despite more than three decades in the United States.

“I had to ask what that was, and they said, ‘That's what you need to figure out,’” she says with a chuckle.

So over six months, she collaborated with mortgage and consumer lending managers and HR, which came up with the program name, to make sure everything was copacetic as far as policies, regulations and legalities.



Mortgage lending at Ent is expected to approach \$2 billion in 2020, nearly triple what Ent did just three years earlier.

ON TO THE HIRING

Hiring trainees in a tight job market during the Christmas season in 2018 was difficult, Brooks says. “We were picky. We set the bar really high.”

The available pool of qualified candidates was small. The trainees came from outside the credit union, with 15 applicants in all.

The scene was much different for the second group, hired last summer. About half of the more than 80 applicants were internal, partly because of a video with the first EntRANCE group of seven that was placed on Ent's intranet.

Brooks says Ent hopes to keep two EntRANCE teams in motion from here on out.

The EntRANCE program is proving that credit unions can employ a hiring strategy that develops recruits with a well-thought-out training program that can pay near-term and long-term dividends.

“We believe we can provide a really nice, rewarding career to people right out of college,” says Vogeney.



“The EntRANCE program is proving that credit unions can employ a hiring strategy that develops recruits with a well-thought-out training program.”



EntRANCE PROGRAM

- **Name:** Ent Relevant Abilities Needed to Contribute Effectively, or EntRANCE.
- **What:** Two-year training program introducing trainees to all areas of consumer and mortgage lending.
- **Departments involved:** Mortgage underwriting, mortgage closing, mortgage post-closing, mortgage servicing, mortgage disclosure, consumer lending support, consumer lending underwriting, consumer loan coordination.
- **Execution:** Trainees spend three months learning in each of eight areas. Reviews occur at end of each rotation.
- **Support:** Subject matter expert in each area responsible for formal training and as go-to person for trainees, as well as a manager in each area.
- **Champions/facilitators:** Chief Revenue Officer, Chief Lending Officer and Consumer Lending Training Manager provide overall guidance and support.
- **Glue:** End of rotation lunches (until Covid), book club, compiling of binder with information for future classes, encouragement to volunteer through Ent (United Way) and in community.
- **Measures of success:** All seven trainees are completing program, all are receiving assignments in lending at Ent.
- **What's next:** Second class of six started in July 2020. Third class of eight planned for mid-2021.

Paul Johnson covered business and financial institutions for nearly a decade during his three-decade newspaper career. He toiled for another decade as a writer and editor for insurance companies before semi-retirement. Johnson is a member of two credit unions in Madison, Wisconsin.



Paul Johnson

ENT'S PROGRAM A GREAT FIT FOR TRAINEE

- Forget location, location, location. Leave that to the real estate crowd.

For Aaron Goettel, it was all about timing, timing, timing.

Truth be told, it was more than that, but timing was certainly a factor in his favor.

Goettel, you see, graduated from college in three and a half years with a major in economics and a minor in English. (Who does that these days?)

Growing up, Aaron wanted to be a writer, but his wise mother suggested he get a degree that was more likely to lead to gainful employment. He figured a degree in economics would open doors for him in the working world and a minor in English would nurture his bent for creative writing.

So there he was in December 2018, fresh from a study-abroad trip in Europe, new diploma in hand from Western Colorado University and ready to begin his career.

He went to a college career fair in Denver where he learned about Ent Credit Union and looked into openings there.

"I stumbled upon the program by pure luck," Goettel says. "Most jobs required work experience."

But one that did not require previous experience was the EntRANCE program.

"I didn't know what the program was. I just applied," Goettel says. "It worked out perfectly. I love this job."

The rotational aspect of EntRANCE appealed to Goettel, giving him an opportunity to learn and meet the pros.

"The end goal is to place you in one location, but one of the things I've enjoyed the most is traveling around to different departments," Goettel says. "This program has been incredible for networking. I got to meet just about everybody in the lending area."

"I like to joke that everyone's been my boss at some point. My boss changed every three months."

Goettel and his cohort did more than just meet and greet, they got down to business.

"They wanted us to have a well-grounded understanding of the entire lending process, a high level understanding of how everything works," he says.

That approach serves both the trainees and the credit union well. Ent gets a cadre of versatile and flexible employees and the trainees come out of the program with a diverse set of skills and knowledge that will serve them well throughout their careers.

That's a win-win situation.

So what were some of the takeaways for Goettel?

Networking. "I get to meet all these managers and executives and they get to meet me."

Confidence. "I learned how to learn. If I know how to ask questions and learn the right resources I can thrive."

Technical knowledge. "As you near the end of the program, you suddenly realize, oh, wow, I've learned a lot."

Organizational awareness. "You learn a lot about the different departments, perspective on what each department faces. You wonder, why does this department do this, then you see the other side and you learn why."

Leadership. "It is difficult to teach certain leadership traits. It's more about how you respond in a given environment."

That's not only good for Goettel and his cohort, it's good for Ent and its members.



Aaron Goettel

A Recipe for Success

Blending the Best Ingredients for Social Media Success

By Alison Barksdale
CU Members Mortgage

In the long period of staying home due to the pandemic, my 12-year-old daughter who is known for taking on life in full-force, decided she wanted to take online classes to learn some new things. One of those was a cooking class to learn about baking.

As I listened to her speak about the things she learned, it made me realize how much cooking can teach us about social media.

Recipes are meant to be followed. They are the perfect combination of many different ingredients and techniques to result in a delicious dish. Along these lines, social media can be maximized when you follow a recipe.

You shouldn't have a social media account simply to exist in that space, and you shouldn't post just anything you feel like, simply on a whim. You need to be intentional in your efforts for the best results: You need to follow a recipe, so to speak.

This last year has been the year to embrace digital resources with social media being a big part. As we move cautiously into 2021, let's plan to embrace this tool more effectively. Let's look at the best recipe to maximize its use.

CHOOSE THE RIGHT PLATFORM

The first step is to choose the right platform for your credit union. When life became less in-person and more digital, sales teams and loan officers alike were forced to expand their digital reach as a way to connect with people. Social media wasn't just part of the plan, it was the plan.

But with so many platforms available, how do you choose where you should be active? Consider that your members will use various platforms based on the kind of information they are searching for online:

- **Facebook** is a great tool to bring up a wide range of content, and it continues to achieve high marks for popularity, according to Sprout Social.¹ Look at Facebook as your consumer tool to reach and teach.
- **Twitter** is your breaking news tool. Use it to let people know what's going on at the credit union. This is your megaphone for announcements.
- **LinkedIn** is your business platform for sharing industry and company news. If you have a focused membership, it's a great place to focus on SEG groups, since you can target those employees.
- **Instagram** is your photo platform.

It too has grown in popularity and has become particularly popular to younger generations with 75% of its users between the ages of 18 and 24. If you can offer followers engaging visual posts promoting your credit union, this is where they should go.

- **YouTube** is your video platform, and along with Facebook, is the most widely used online platform among adults. This is the place for you to host your videos and makes it easy to share videos across other platforms.

Many other social platforms exist. Pinterest, Snapchat, WhatsApp, Reddit, and more are popular, but those listed above are the most commonly used, and therefore, your best bet in sharing content.

For best results, think again of a recipe: use a blend of social media ingredients (platforms). It will ensure you are using the right tool for the right audience



and the right message to reach all of the demographics on your membership list. This is a formula for a winning dish.

WHAT SHOULD YOU SAY?

People seem to struggle with this part of the recipe. They get overwhelmed with what to post and how to mix together these ingredients (the content) to get the best result. Here's a great combination to consider as your starting point.

1. Informational content can be a great resource to members, but they need to know it's available. Publish it on your social channels to lead members to your website for more information. It can be from your blog or your website. Be careful using outside sources. They can deliver members to competitors if you aren't careful and don't know who the blog belongs to, for example.

2. "Did you know" factoids are fun ways to share information about your



Use a blend of social media platforms. It will ensure you are using the right tool for the right audience and the right message to reach all of the demographics on your membership list.



credit union. Use a graphic to do it and you've got a fun, eye-catching way to get member's attention.

3. Employee highlights and anniversaries are great ways to highlight staff and build awareness of your team. Members getting to know the team can help build trust and assurance. A focus on your loan officer would be a natural way to show who they can contact for home loan questions.

4. Member testimonials or surveys should be offered consistently. They build confidence and awareness of products and offerings. Plus, if a member can share a photo, it's an even bigger win for your members.

5. Add video to the mix. This is a growing trend that really became a norm during the pandemic as a way

to connect to members. Use a video to explain a process or concept to them.

6. Use hashtags to help people find your posts or content. They are used to help connect similar content. Search #firsttimehomebuyer and watch the results populate.

7. Connect with your Realtors or other industry vendors and share their info. A Realtor will be very appreciative that you are sharing their listing and helping them connect with possible buyers.

8. Tips, tricks and trends are great sources of information to engage members. Homebuyers are a great example. Not all your content should be focused on buying or selling a home. You want to share a few things with those you've already helped buy a home, too. Consider other content about home maintenance, remodels, upgrades, trends, etc. These will maintain your followers and likes past the closing date.

DON'T FORGET ADVERTISING

Advertise. Once you have consistent content, you'll want to focus on building followers, which is essentially what you want your social media posts to do. You can also use your posts as scheduled advertisements to members and non-members alike.

With advertising, you can manage your audiences and engage with potential members to lead them to contact your credit union.

Both Facebook and LinkedIn offer advertising options and analytic reports that can be very helpful in understanding audiences and their social habits. While mortgage advertising should never discriminate, it's helpful to understand who your audiences are, what kinds of subjects interest them and when they see your content.

The advertising part of the recipe helps you connect your social media goals with your business goals as you continue to see content views while your audience grows, and hopefully your membership base as well.

My daughter learned a lesson the hard way: If you rush through a recipe, you can easily miss an important detail or skip something that is instrumental to reaching the perfect flavors. The result is like a missed opportunity.

However, she also learned what ingredients worked best in recipes and what flavors she enjoyed most. While her recipe was a good foundation to create a great dish, she could add a few things she knew she loved to make it exactly what she wanted.

You'll find too, that over time, your members have favorite content they respond to, as well as social platforms they are most comfortable interacting with. That's where to put your focus and deliver what they need and when they need it most.

In 2021, let's refocus on our recipe for success and find the perfect blend of techniques and strategies to create strong habits for the future. ▲



Once you have consistent content, you'll want to focus on building followers, which is essentially what you want your social media posts to do.



Alison Barksdale is the AVP Marketing at CU Members Mortgage. She has 20 years of marketing experience and a Bachelor's Degree in Communications from the University of Texas at Arlington. Barksdale has written articles for credit union periodicals and contributes to blogs. She continues to build brand awareness for CU Members Mortgage, which provides credit unions and their members the best in customer service, educational resources, technology and home loan products. A credit union member, Barksdale also has gained understanding of how they help members by working in her local credit union.



Alison Barksdale

Footnote

¹ <https://sproutsocial.com/insights/new-social-media-demographics>

The Power of Secondary Marketing Automation

How to Better Serving a Diverse Member Base with Precision

By John Dumonsau
Black Knight

Mortgage lending is moving faster than ever before, with digital access now playing a substantial role—from the start of the application process to closing and beyond.

Much of this innovation is driven by the members' increasing demand for accurate, real-time information at their point of need throughout the homebuying process.

This fast-moving lending environment places added pressure on credit unions to not only deliver the speed their members demand, but to also deliver accurate pricing and consistent experiences that meet the stringent fair lending requirements of the Equal Credit Opportunity Act (ECOA) and Fair Housing Act.

Secondary marketing automation is one area that can have a significant impact on a credit union's lending performance. The most advanced technology platforms enable credit unions to generate precise pricing, expand their product offerings to better serve a diverse member base, effectively manage pipeline risk, and maximize gain on every sale.

This time-saving automation is powered by artificial intelligence to replace once labor-intensive manual tasks, while simultaneously supporting better decisioning and risk management to deliver higher levels of profitability. Ultimately, secondary marketing automation helps credit unions to confidently execute more competitive and profitable mortgage lending strategies.

THE CASE FOR AUTOMATING

Automating the broad range of processes that affect loan value on the secondary market begins at the inception of the mortgage origination process and continues through the sale of that loan to investors.

In order to win mortgage business in today's highly competitive environment, credit unions must be able to deliver the best products at the best price when members are initially searching for a mortgage.

At this critical point of discovery, the most sophisticated secondary marketing automation platforms deliver borrower-specific real-time product and pricing options calculated in seconds. It also reduces bias and fair lending compliance risk by removing human bias

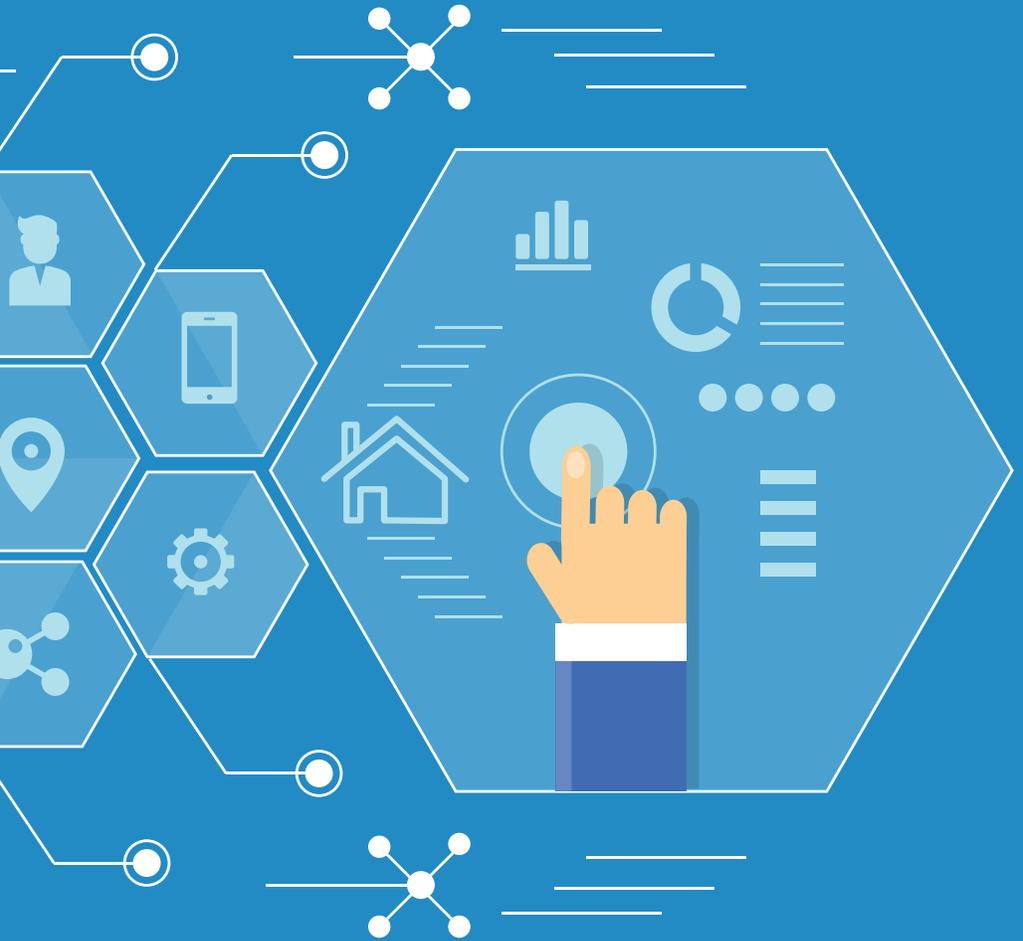
and providing a consistent decisioning process for each loan.

This level of precision and accuracy supports a more competitive product lineup for a diverse range of members to help credit unions attract business.

Product eligibility and pricing has become exceptionally complex over the past decade, as investors have sought to price risk more accurately. Additionally, there has been a growing proliferation of specialized products for niche markets. This has made matching borrowers with the right loan programs increasingly complicated and error prone.

Identifying applicable products from a broad range of options and performing best execution analysis in real time requires automation with advanced





product matching capabilities.

When loans are sold to secondary market investors during or immediately following the origination process, there are a series of activities required, including investor selection, loan pricing, lock desk management, pipeline risk management and committing. These intricate processes are resource intensive, but they do create an opportunity for credit unions to deploy technology that improves operational efficiencies, decisioning and competitive viability.

EIGHT BENEFITS OF AUTOMATION

Because secondary marketing processes have become increasingly complex, automating these functions can deliver a broad range of benefits to credit

unions, including the ability to:

1. Quote accurately, fairly and consistently.

Today's members have the power to explore and compare mortgage rates with multiple lenders directly from their computer or mobile device—intensifying competition to win their mortgage business.

Credit unions can more effectively compete for members' business by instantly providing mortgage rates that are competitive and accurate. The most advanced Product, Pricing and Eligibility (PPE) engines leverage artificial intelligence to assess the members' information and enable the credit union to deliver the best products at the best rates, all in real time.

The PPE will not only expedite the

mortgage loan process, it also removes human bias and provides consistent decisioning to support fair lending practices from rate inception.

2. Expand product offerings to meet diverse member needs.

Comprehensive product and pricing technology will enable credit unions to create and maintain an extremely competitive product offering, giving them the ability to choose from thousands of the leading conforming, non-conforming, jumbo, and government products—even supporting their own in-house portfolio products.

Further, credit unions can leverage this advanced automation to competitively expand their mortgage lending strategies with confidence and better serve a diverse member base. Through integrated technologies, credit unions can offer a more comprehensive range of loan products to their members, including under-served populations.

“Identifying applicable products from a broad range of options and performing best execution analysis in real time requires automation with advanced product matching capabilities.”

AUTOMATION PIVOT

“We have witnessed a shift, with credit unions pivoting toward automation to remain competitive, effectively manage risk, maximize profitability and enhance the member experience across the mortgage lifecycle.”

“We work with credit unions across the country to automate their entire secondary marketing operation—from content through commitment—to not only accelerate the mortgage process, but make the lending experience a win-win for both the credit union and its members.”

—John Dumonsau
Solutions Specialist,
Secondary Marketing Technologies,
Black Knight

3. Seamlessly connect with third-party technology providers.

Precise product eligibility and pricing data are vital to power a wide range of applications across the mortgage lifecycle. A credit union's price data and lock desk functionality must connect seamlessly to a broad network of third-party technology providers in order to deliver the convenience, consistency and transparency today's members demand.

4. Leverage "lights-out" lock desk capabilities.

The lock desk serves as a vital component in secondary marketing operations and has a major impact on profitability. Every lock desk must deal with myriad changes, from switching products to price concessions and complicated policies governing investor modifications. Staff must also quickly adjust to unexpected fluctuations in volume that may result from rising and falling interest rates.

Lock desk automation presents a significant opportunity for credit unions to gain workflow and process efficiencies.

Imagine auto-accepting lock requests, price concessions, lock extensions, profile and product changes and relocks. The most advanced technology enables credit unions to configure auto-accept policies for locking and relocking products with characteristics that do not require a manual touch, thereby reducing lock desk involvement in scenarios where automated policies can do the work.

5. Manage risk in real time.

Credit unions can automate the management of interest rate risk associated with rate locks as loans funnel through the manufacturing process. Secondary marketing automation enables credit unions



Credit unions can more effectively compete for members' business by instantly providing mortgage rates that are competitive and accurate.



A credit union's price data and lock desk functionality must connect seamlessly to a broad network of third-party technology providers in order to deliver the convenience, consistency and transparency today's members demand.



to leverage real-time information through seamless, two-way integrations with PPE engines, loan trading solutions, GSEs, market aggregators, loan origination systems and other sources.

Live modeling, pull-through optimization and shock analysis tools enable credit union lenders to quickly compare current hedge positions to modeled positions. This can help an organization determine the most effective hedge position to reduce risk, minimize operational leakage and capture maximum available revenue.

6. Maximize gain on every sale.

When it is time to sell a mortgage loan, credit unions can achieve optimal results by automating execution analysis to generate more profit on each sale. Higher profits mean more funds to support member programs and increase community outreach.

Margin strategies must balance competitive pricing with profitability goals—and be ready for change at a moment's notice. Margin maintenance can become complex because these strategies typically vary by geography, loan type, investor, and business channel. That complexity increases the benefit of automating the margin management process.

7. Automate accounting and reconciliation.

Automating accounting and reconciliation processes can help credit unions receive early warning of loan-level issues that impact investor eligibility, enabling them to automatically commit only those loans that are eligible for execution. Exceptions can be highlighted in real time to focus efforts and increase staff productivity.

8. Measure performance and gauge competitiveness.

Is your pricing high or low? Is

that pricing gap different by product or by market? How do your margins compare to your competition, and are there new markets you should enter?

Only when credit unions have the right data, can they make the most informed decisions. The most advanced secondary marketing automation solutions provide access to unprecedented data and comprehensive analytics, enabling credit unions to gain operational transparency, better strategize and make the most profitable decisions.

To fully optimize secondary marketing operations, credit unions need real-time data on locks, change requests, lock extensions, re-locks, and concessions. Further, they should be able to analyze activity at the product, branch or loan officer level.

Access to competitive analytics that can be run for specific loan scenarios would also help credit unions to compete better for mortgage business by knowing exactly where they stand in every market.

In conclusion, automating secondary marketing functions affords credit unions a significant competitive edge in any market, no matter how diverse. In fact, the most sophisticated technology is equipped to provide workflow efficiencies based on the unique needs of a credit union and their member base, empowering the organization to deliver accurate content—anytime and anywhere it's needed. ▲

John Dumonsau, Solutions Specialist for the Secondary Marketing Technologies division of Black Knight, is an advocate for mortgage automation and how it can effectively enhance and evolve the credit union member experience.

Black Knight, Inc. (NYSE:BKI) is an award-winning software, data and analytics company that drives innovation in the mortgage lending and servicing and real estate industries, as well as the capital and secondary markets. For more information on Black Knight, please visit www.blackknightinc.com.



John Dumonsau



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To learn more, contact Doug Battin at dbattin@truhome.com or 913.981.1709.

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MORTGAGE
HEROES

ACUMA Pivots to Virtual Conference

A pivot to an online conference did not prevent ACUMA from engaging its membership in a two-day educational event that touched on all the “hot topics” of mortgage lending for credit unions. The 24th annual Conference of the American Credit Union Mortgage Association brought together nearly 500 registrants for presentations, discussion and Q&As—all presented through the magic of the “virtual” world we have adopted during an unprecedented pandemic.

Last year’s Sept. 22-23 program, hosted by ACUMA President Tracy Ashfield and dedicated to “Mortgage Heroes,” included videos of credit union employees who went above and beyond during the pandemic. Snippets from conference sponsors, who made possible the event, were also interspersed between sessions.

Attendees praised the conference. “Yes, it’s been a great conference,” Katie Bott, AVP of Real Estate Lending for University FCU in Utah, said soon after the event. “I’ve attended a few online conferences this year, and would like you to know this has been the best one.” Bott singled out “great material” and the format for how the website worked.

The “new normal” of Covid-19 challenged our way of doing business and our lives. As many conference participants from across the country noted,

that can be especially difficult for credit unions, which have in large part relied on face-to-face interactions with members. But it has also forced a needed acceleration in the transition to technology that is needed to compete into the future.

Among other topics, the conference looked at how the pandemic has influenced risk management, the handling of high loan volume and the hiring/working environment.

SESSION CAPSULES

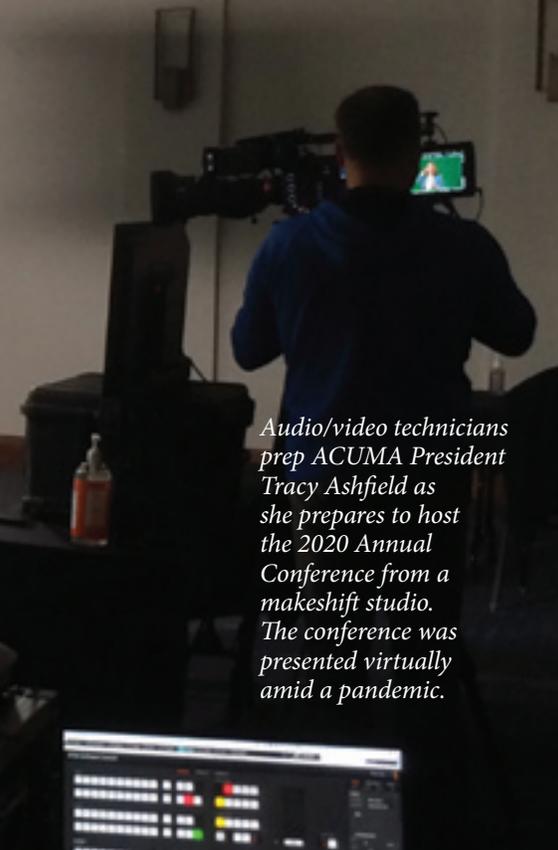
Recordings of many conference sessions are available in full on the acuma.org website for members to view at their convenience. Go to the Member Only page to log in and select the recordings from the Member Resources pull-down tab. What follows is a brief recap of sessions.

“How to Manage High Volume dur-

ing a Pandemic” featured Bernie Chavira, Senior Director of Define Mortgage Solutions, engaging Herb Behrens, VP of Real Estate Lending at BCU, and Ryan Doehrmann, SVP of Mortgage Lending at GreenState Credit Union, in a discussion about the ways each credit union responded to the challenging situation, offering advice and explaining their decisions affecting both employees and members.

“Enterprise Risk Management” focused on how CUs used and adjusted disaster recovery and business continuity plans to keep data safe and employees productive, including third- and fourth-party due diligence. The session panel featured moderator Beth Millstein, Principal of Millstein Consulting; Gwen Muse-Evans, President & CEO of GME Enterprises; and Tim Mislansky, Chief Strategy Officer at Wright-Patt Credit Union.

“Should You Adopt New Tech or New Processes? Or Both?” explored in detail the approaches two CUs took for ongoing projects interrupted by the pandemic. Moderator Will Vickers, VP of Industry Technology for Arch U.S. MI, discussed the challenges and responses with Michelle Burke, VP of Mortgage lending at Westerra CU; and Altra CU’s VP of Real Estate Craig Sacia and Manager of Real Estate Operations Andrea Ratajski. One



Audio/video technicians prep ACUMA President Tracy Ashfield as she prepares to host the 2020 Annual Conference from a makeshift studio. The conference was presented virtually amid a pandemic.

Can Your Credit Union Do to Promote Homeownership and Close the Housing Gap. Moderator Geoff Cooper, VP of Product Development for MGIC, led a panel discussion with Sean Moss, SVP at Down Payment Resource; James Hunter, Director of Real Estate Lending at New Orleans Firemen’s FCU; and Rod McGinniss, SVP of Business Development for Homeownership Preservation Foundation and GreenPath Financial Wellness. The panel members emphasized increasing awareness of resources and explaining options for financing.

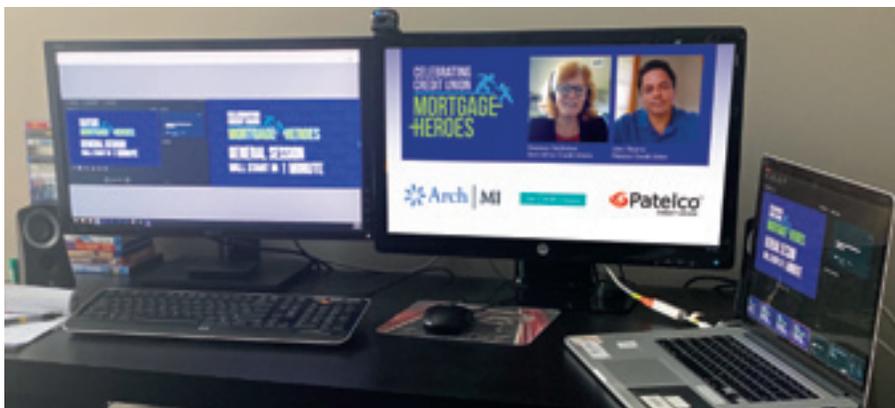
Continuing the thread, **“Connecting with the Emerging Majorities”** discussed changing U.S. demographics and the need for businesses—including financial institutions—to understand and reach out to diverse communities now and into the future. Gail Cox, VP of Research & Strategic Planning for AC&M



A featured session brought together five mortgage leaders to discuss the industry’s future.



The AV technicians made everything “virtual” work smoothly.



The conference theme celebrated “Mortgage Heroes” who went above and beyond to serve members during the pandemic. Short video clips were shown to highlight the heroes.

CU is working toward at 25-day loan close; the other is pushing ahead with an LOS change.

Michael Neal, Senior Research Associate for the Housing Finance Policy Center at the Urban League, spoke on **“Housing Policy, Demographics and Minority Homeownership.”** He provided supporting data and proposed credit union and regulator actions to close the housing/mortgager gap between whites and minorities. His recommended solutions include downpayment assistance, counseling, home maintenance financial products and forbearance extensions.

In a related session, a panel discussion took up **“Affordable Lending: What**

Group, shared strategies for connecting with these communities and emphasized how crucial it is for your future growth to make these connections.

In another widely attended session, a group of industry leaders offered insights on the mortgage industry for credit unions during a session titled **“From the Desk of the President,”** which included moderator Scott Happ of Optimal Blue, Michael Schmeiser of Arch U.S. MI, Mark Casale of Essent, Sal Miosi of MGIC and Derek Brummer of Radian. As ACUMA founder Bob Dorsa noted, the session should be required viewing for all CU leaders since it “laid out the playbook for the future.”

Topics of other conference sessions included:

- “The ‘New Normal’ – What It Means for Quality Control and Compliance.”
- “The Trifecta: A Pandemic, Record Low Mortgage Rates and the Highest Unemployment in History ... What’s the Long-Term Impact?”
- “Loan Processing and Underwriting Retooled.”
- “The Forbearance and Referral Process Retooled.”

Return to Real Estate Marketing

Now's the Time to Put the Focus on Purchase Mortgages

By David Gray
CU Realty Services



2020 was a year like no other for credit unions and their members. A once-in-a-lifetime pandemic, a boom in refinances, natural disasters, a historic election and so much more have created uncertainty and shifted the way we live, work and play.

Though much remains unsettled, what has come into focus is how the real estate market has thrived as people relocate to homes that better fit their new normal.

This continuing trend coupled with record-low mortgage rates promises exciting, purchase mortgage opportunities in 2021—if credit unions move early in the year to get homebuying members into their pipeline.

A RECORD-PACE REAL ESTATE MARKET

The real estate market took a scary dip when the nation went into lockdown, but people have been buying and selling homes at a record pace ever since.

Pending home sales have exceeded pre-pandemic levels by double digits each month since June, according to the National Association of Realtors (NAR).

Existing home sales were up 20% in

fall 2020, and new home sales increased a whopping 40%. Each of the four major U.S. regions experienced year-over-year growth. Experts confidently predict a strong real estate market for 2021.

“In 2021, I think demand—work-from-home demand—for larger-sized homes, will continue,” said Lawrence Yun, chief economist for NAR, during the association’s annual conference. “Home sales (will rise) 9%, and home prices are in no danger of declining because of a housing shortage.”

REALIGNING MARKETING STRATEGIES

Most credit unions have been so inundated by an endless flow of refinances in 2019 and 2020 that they were forced to neglect, rather than nurture, their purchase mortgage marketing—even though more of their members were in a buying and selling mindset.

Unfortunately, it’s not sustainable to



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OLD REPUBLIC INSURANCE GROUP

focus on refinances alone in 2021, and that sentiment has been shared by many peers in the industry. To avoid emerging from the refinance boom with a dry purchase mortgage pipeline, credit unions must prioritize purchases.

START PRIORITIZING NOW

The key to getting members in your purchase pipeline is to start engaging with them early. Though the hottest real estate season is in spring and summer, homebuyers typically start an exploration process two or more months earlier.

Last year, more than half of all closings for CU Realty's HomeAdvantage® program were by members who enrolled to use the program in the first four months, between January and April. Because of this, clients were advised to launch their real estate marketing campaign at the start of the new year to maximize their pipeline.

It is all about who gets to the lead first, so now is the time to build and execute your purchase mortgage marketing plan.

MORTGAGE MARKETING STRATEGIES

In 2021, an effective mortgage marketing strategy must feature messaging and home search tools that speak to the current market and the unique needs of today's homebuyers.

"The real opportunity here is to make sure you have the new offering, you're leaning into the market at the moment, you're creating the value the consumers need and you're able to talk to the consumer the way they want to be talked to, and creating a complete customer value to make sure they stay a customer for life," said Keller Williams President Josh Team.

Here are purchase mortgage marketing strategies for a home-buying season like we have never seen before:

1. Promote the benefits of credit



It is all about who gets to the lead first, so now is the time to build and execute your purchase mortgage marketing plan.



with outside agents and lenders.

According to a NAR study, researching properties online was the first step for 43% of recent homebuyers compared to just 18% who started by connecting with a real estate agent. Offering search and market data tools that members are looking for during this research phase is an optimal way to get homebuyers into your pipeline before they commit to a lender.

Since real estates agents are influential throughout the homebuying journey, it is also valuable to develop loyal referral partnerships with agents. When a credit union member uses a HomeAdvantage agent to buy their home, 85% of the time the credit union retains the loan.

2. Support remote homebuying.

A recent survey by Google showed a more than 400% increase in the demand for virtual home tours since 2019, obviously largely influenced by restrictions that Covid-19 has placed

union lending and develop loyal real estate partnerships.

Early marketing and consistent lead nurturing are even more critical for credit unions since, historically, members don't think of their CU for mortgage services. Though 92% of credit union members report "very high" or "extremely high" satisfaction—10 percentage points higher than bank customers—credit unions fund a small portion of the mortgages originated in the United States.

You must position your credit union as your members' real estate expert year-round and engage homebuyers in your purchase mortgage pipeline before they begin searching on other sites and connecting



You must position your credit union as your members' real estate expert year-round and engage homebuyers in your purchase mortgage pipeline before they connect ...with outside agents and lenders.



on the traditional open house model.

Now that consumers have experienced the ease of touring homes from the comfort of their couch, technology is expected to remain a more central part of the homebuying process. Make sure to offer tools for virtual home tours and educational resources for selling and buying safely, and even remotely.

3. Address new buyer needs.

The trend of downsizing has reversed. Homebuyers are looking to upsize as their homes have become worksites and even school rooms for their family. Home sellers who sold their home after March reported the main reason was that it felt too small, according to NAR research.

Remote working is expected to continue at higher levels even after the pandemic. So capture your members' attention with a fun campaign that shows you're here to help them navigate these new times and find the home that is the perfect fit.

4. Offer incentives.

The median existing-home price increased 16% between October 2019 to October 2020. Buyers, who are paying more for homes during a time of economic uncertainty, value incentives. Despite high demand, sellers entering the market after March were more likely to offer incentives, like home warranties and credit towards remodeling, to help attract buyers.

Financial institutions can offer their own incentives to entice homebuy-

ers to use their lending. For instance, CU Realty's HomeAdvantage program features a cash-back benefit to credit union members who enroll in the program and use a partner real estate agent. On average, these homebuyers earn \$1,600 per transaction.

5. Don't forget about sellers.

Sellers become buyers, so messaging to sellers is a great way to connect early with members who may soon need lending. Make sure to offer engaging resources like property valuations, market trends and even incentives to help them in their journey.

6. Automate your marketing

The motivation to ramp up marketing doesn't erase the strain on your team as the refi boom continues and some staff are still working remotely or on atypical schedules. Automate your marketing with social media scheduling and email marketing tools to both amplify what your team can accomplish and ensure that homebuyer leads receive consistent, nurturing touchpoints.

As 2021 kicks off, focusing on the goals and needs of homebuyers could reap great results. With housing activity at levels not seen since 2006, the upside of focusing on purchase mortgages is undeniable. ▲

About CU Realty Services

CU Realty Services has more than 120 credit union partners nationwide that use its HomeAdvantage® real estate marketing platform to support their members' home buying and selling needs.

From California to Florida, these credit unions have shared with CU Realty account managers how stretched thin their mortgage teams have been since early 2020. They have struggled to work remotely as well as balance the load of refinance transactions.

Through HomeAdvantage, credit union members can search for homes, research neighborhoods, calculate costs of homeownership, connect to experienced real estate agents and qualify to earn Cash Rewards. By offering this program to members, credit unions are able to attract, identify and engage more homebuyers, and consequently close more purchase mortgage loans.

During this strained time, HomeAdvantage's lead nurturing system, which blends automated touchpoints with personal outreach from a Member Concierge team and real estate agent partners, has kept the credit union's brand and mortgage programs front-of-mind with members.

David Gray serves as CU Realty Services' first Chief Experience Officer. He is responsible for improving member experience through process, product design and software development for the CUSO's turnkey real estate marketing platform, HomeAdvantage®. Prior to joining CU Realty in 2019, Gray held leadership positions with Xome Inc., a subsidiary of Mr. Cooper; Prudential Real Estate Affiliates; and Move.com (Realtor.com.).



David Gray

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HONORS, AWARDS AND RECOGNITIONS

Making a Difference

■ Yolo FCU Voted Best Mortgage Company

YOLO FEDERAL CREDIT UNION has been voted the Best Mortgage Company in Yolo County, California for the third consecutive year in the Daily Democrat's annual readership poll.

"Our commitment to helping members achieve financial success, which is important during this challenging economic environment, resulted in funding over \$100 million in mortgages as of October" in 2020, said MATT ISIKA, VP Lending/Collections. "We are thankful to our members for their continued loyalty, and to the Yolo Federal Real Estate team for assisting members with their financial needs."

The Real Estate team consists of

JO-NATHAN GREEN, MEGAN PRICE, BETHANY MALCOLM, MATT ISIKA, PAIGE SWANSON and CONNOR BODKIN. Each brings a dynamic aspect to the department and were able to help a large number of members achieve their financial goals, Isika said.

In the same poll, Yolo Federal was voted Best Credit Union for the 20th consecutive year.

Yolo Federal, with five branches, has been serving the local communities in northern California's Sacramento Valley for over 66 years. Membership is available to anyone that lives, works, worships, or attends school in Yolo County.



The Real Estate Team at Yolo FCU includes (from left) Jo-Nathan Green, Real Estate Closer/Funder; Megan Price, Loan Sales Manager; Bethany Malcolm, Loan Support Manager; Matt Isika, VP of Lending and Collections; Paige Swanson, Home Loan Consultant; and Connor Bodkin, Real Estate Loan Processor.

■ 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 tburton@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.

■ Seven Centris FCU Mortgage Reps Earn Honors

The Nebraska Mortgage Association has named seven CENTRIS FEDERAL CREDIT UNION Mortgage Service Representatives to receive the 2020 Champions Circle Award.

The NMA recognizes and celebrates the service, dedication and hard work that mortgage professionals put into serving their clients during the home loan process. There is a minimum \$15 million loan production required during the 12-month qualifying period.

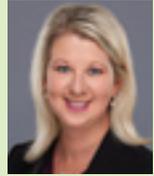
The award's Platinum tier required more than \$30 million in production during the qualifying period that included the seven months prior to the pandemic.

In addition to her Champions Circle Award, Lamoureux has been named Treasurer of the Omaha Women's Council of Realtors after serving as Secretary and on various council committees.

Centris is Nebraska's largest federally chartered community credit union. It serves Douglas, Sarpy, Lincoln, McPherson and Pottawattamie counties and has 14 branches in Omaha, Grand Island, North Platte and Tryon, Nebraska and Council Bluffs, Iowa.



*Jeanne Lamoureux
Platinum*



*Laura Longo
Platinum*



*Shelley Thompson
Platinum*



*Predrag (PK)
Kopun
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*Dan Harris
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*Janette Calabro
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TO APPLY FOR A
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- **Craig Sacia**

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■ TVFCU Voted Best Mortgage Lender

Chattanooga-based TENNESSEE VALLEY FEDERAL CREDIT UNION has been voted Best Mortgage Lender in the Chattanooga Times Free Press “Best of Best” awards program and by the North Georgia “Best of Best” awards.

TVFCU has won the readers’ poll five times for mortgage lending in Tennessee, as well as 13 consecutive years as Best Credit Union. The credit union has also won the mortgage honor four times and best credit union award for 10 consecutive years in Georgia.

TVFCU continues to play an important role in the communities it serves.

In 2020, the credit union offered a Mortgage Rewards program that not only saved more than \$1,000 in mortgage costs for each eligible member, but gave back to local businesses. TVFCU partnered with local hardware stores and a fiber optics business to purchase \$500 gift cards for members and to pay for members’ Wi-Fi services.

The TVFCU mortgage team also promotes local business partners and its rewards program at the Annual Tri-State Homebuilders Association Home Show every year. And it offered a free virtual homebuyer seminar on Facebook Live with ERIC WEEKLEY, Vice President of Mortgage Lending, and BRYAN FRYAR, Mortgage Sales Manager, answering mortgage questions and walking viewers through the home buying process.



Members of the TVFCU team that won the Chattanooga Times Free Press awards for Best Credit Union and Best Mortgage Lender include (from left) Janet Leamon, VP of Human Resources; Jennifer Wilson, Mortgage Originator; Valerie Gifford, SVP and Retail Operations; Olivia Kerr, Mortgage System Coordinator; Jessica Parrish, Mortgage Originator; Todd Fortner, President and CEO; Bryan Fryar, Mortgage Sales Manager; Glen Chrzas, Chief Technology Officer; and Sarah Iwasa, Mortgage Marketing.



Members of the TVFCU team that won the North Georgia awards for Best Credit Union and Best Mortgage Lender include (from left) Kathy Hall, Branch Manager; Lisa Elrod, VP of Operations; Jo Rector, Branch Manager; Nanette Mull, Branch Manager; and Jessica Parrish, Mortgage Originator.

■ OpenClose Receives Awards in 2020

OPENCLOSE, a comprehensive LOS provider that helps credit unions automate mortgage processes, received a number of awards and accolades in 2020.

OpenClose President JP KELLY was honored with Progress in Lending’s annual Lending Luminary Award for tech innovation; CEO/CTO JASON REGALBUTO earned HousingWire’s Tech Trendsetter Award for tech pioneers; VP of Innovation ALLEN POLLACK won its Tech Thought Leader Award; and CRO VINCE FUREY and VP of Sales Engineering CHRIS OLSEN each earned the Trailblazer Award for sales and marketing success.

As a company, OpenClose was again named to *HousingWire’s* 2020 Tech 100 vendor list and also earned an Innovation Award from Progress in Lending for consolidating its digital mortgage POS with its end-to-end, omni-channel LOS.

■ Fairwinds, Redwood CUs Join HomeAdvantage

Florida’s FAIRWINDS CREDIT UNION and California’s REDWOOD CREDIT UNION are the newest members of the Million Dollar Club of CU REALTY SERVICES’ HomeAdvantage® program.

Twelve credit unions are part of this group, having returned more than \$1 million in Cash Rewards to members.

“We’re very proud to welcome these new credit union partners into the Million Dollar Club and honor their dedication and exceptional work in helping members meet their homeownership goals,” said MIKE CORN, CEO of CU Realty Services.

When credit union members enroll in HomeAdvantage, they are connected with certified real estate agents. When members work with a HomeAdvantage agent, they earn an attractive cash-back benefit at closing.

Redwood Credit Union joined the HomeAdvantage program in 2010, and its members earn an average cash reward of \$2,900 per real estate transaction. Fairwinds Credit Union implemented the HomeAdvantage program in 2013. On average, its members earn \$1,600 in cash rewards per transaction.

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2020



A Year to Be Forgotten...and Remembered

By Tracy Ashfield
ACUMA

As we close out 2020 I think we can agree that it's a year best forgotten for so many reasons—most related to the pandemic's impact, as well as the pressure placed on mortgage operations under massive refinancing.

Yet, it is also a year that should also be remembered—but for a completely different set of reasons.

A bright spot was watching credit unions across the nation help so many of their members with home loans, even though long hours needed to be worked to make it happen. I empathize with the many staff members who worked under lots of strain, but seeing so many members look to their credit union for help with home loans was gratifying.

Just how extraordinary was 2020? Well, as we review data through the third quarter all

signs point toward no slowdown in the fourth quarter.

At the end of Q3 2019 credit unions had funded 555,831 first mortgage loans. Those loans topped \$119 billion.

It was a good year for lenders. Little did we know then that we had an even bigger year on the horizon.



A bright spot in 2020 was watching credit unions across the nation help so many of their members with home loans, even though long hours needed to be worked to make it happen.



Much bigger. When September 2020 closed the third quarter credit unions had funded more than 880,000 loans for over \$211 billion.

That's a lot of loan estimates and closing disclosures. And amid a pandemic it meant figuring out how to close loans when buyers and sellers couldn't just gather together in a comfortable room. Despite the challenges, credit unions rose to the occasion, and members benefited.

What else is deserving of a mention? In 2019 those last

few credit unions that ranked in the Top 300 averaged around \$76 million in first mortgage loans by the end of third quarter. This year, those same CUs funded more than \$133 million in loans.

So it's not just the largest lenders doing more; nearly every credit union that offers mortgage loans contributed to this unprecedented growth in fundings.

CHECK YOUR CREDENTIALS

A reminder to ACUMA members: Make sure you have your log-in credentials up-to-date so when the year-end 2020 Top 300 report becomes available in mid-March you'll be able to log in to the ACUMA members-only section of our website to see how you and your peers finished the year. We'll send an email when the year-end numbers are ready. ▲

Tracy Ashfield is the President of ACUMA. She has also worked as a mortgage consultant for credit unions.

Top 300 First Mortgage-Granting CUs as of Sept. 30, 2020

Source: Callahan's Peer-to-Peer Data

	\$ Originated 1st Mortgages (Fixed & Adjustable)	# Originated 1st Mortgages (Fixed & Adjustable)	\$ Outstanding 1st Mortgages (Fixed & Adjustable)	\$ Sold 1st Mortgages
Top 300 1st Mortgages Originated CUs	166,649,904,247	628,942	363,563,184,937	72,998,442,208
All Originating CUs (3,072 CUs)*	211,664,327,969	880,931	512,545,039,430	87,147,066,335
Top 300 Share	78.7	71	70.9	83.8

*CUs who granted \$10,000 or more 01/20 - 9/20

Continued →



ACUMA LIVE WIRE 2021

ACUMA'S 25TH ANNIVERSARY CONFERENCE GAYLORD NATIONAL RESORT WASHINGTON DC SEPT. 12-15, 2021

Join us for a hoped-for welcome return to a face-to-face event! (Can you say “networking”?) Return to everything ACUMA has brought to its events:

- ⚡ Interesting expert speakers
- ⚡ Many sessions on industry “hot topics”
- ⚡ Specially planned social events
- ⚡ A chance to catch up with friends and acquaintances



SAVE THE DATES NOW!

We'll provide details in the coming months on the agenda, hotel, conference registration and more through our ACUMA channels.



WELCOME NEW MEMBERS

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

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

Join ACUMA in wishing success to these new members:

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- Call Federal Credit Union
- Northwest Community Credit Union
- Commodore Perry Federal Credit Union
- USF Federal Credit Union
- TAPCO Credit Union
- Utah Community Credit Union
- Members First Credit Union
- Dominion Energy Credit Union
- Keesler Federal Credit Union
- LincOne Federal Credit Union
- Electro Savings Credit Union

AFFILIATE MEMBERS

- Clarocity Valuation Services
- LBA Ware
- Informa
- Land Gorilla

CUSO MEMBERS

- CUMONT
- Greater Nevada Mortgage

acuma.org

Top 300 First Mortgage-Granting CUs as of Sept. 30, 2020

Rank	State	Name of Credit Union	\$ Originated 1st Mortgages (Fixed & Adjustable)	# Originated 1st Mortgages (Fixed & Adjustable)	\$ Outstanding 1st Mortgages (Fixed & Adjustable)	\$ Sold 1st Mortgages	RE Loans Sold but Serviced by CU
1	VA	Navy	\$17,604,305,104	56,957	\$41,223,203,252	\$6,929,998,282	\$36,398,317,209
2	VA	Pentagon	\$5,034,457,265	11,152	\$9,424,400,977	\$2,928,704,394	\$7,619,169,920
3	MI	Lake Michigan	\$4,359,218,646	18,114	\$4,855,685,986	\$2,071,901,692	\$8,253,956,223
4	NC	State Employees'	\$3,414,444,099	19,363	\$18,619,577,528	\$11,587,930	\$97,016,752
5	CA	SchoolsFirst	\$2,835,027,564	7,304	\$5,572,171,756	\$971,287,902	\$2,506,249,147
6	CA	First Tech	\$2,471,342,894	5,655	\$4,759,924,714	\$1,435,487,435	\$4,975,658,324
7	ID	Idaho Central	\$2,340,700,537	9,662	\$2,185,395,808	\$1,667,603,966	\$3,243,504,868
8	WA	BECU	\$2,238,435,506	7,818	\$7,141,830,059	\$1,181,104,395	\$4,300,871,190
9	CO	Elevations	\$2,186,757,689	5,984	\$1,135,716,329	\$1,703,963,836	\$4,311,687,159
10	OR	OnPoint Community	\$2,097,072,275	8,501	\$2,080,704,339	\$1,562,060,392	\$3,247,644,112
11	NY	Bethpage	\$1,871,793,296	6,011	\$4,061,175,331	\$1,058,753,882	\$6,316,312,835
12	CA	Golden 1	\$1,840,170,760	4,788	\$3,821,622,410	\$267,249,217	\$928,686,038
13	CA	Star One	\$1,667,039,209	3,174	\$3,946,601,569	\$0	\$4,744,952
14	CA	Logix	\$1,596,669,361	3,785	\$3,566,545,593	\$771,757,353	\$2,084,743,479
15	IN	Evansville Teachers	\$1,586,322,823	7,072	\$1,114,849,524	\$1,028,076,147	\$1,351,632,688
16	CO	Ent	\$1,573,497,577	6,526	\$3,171,836,922	\$433,247,652	\$1,221,601,848
17	WI	Summit	\$1,567,807,758	7,794	\$1,790,457,782	\$1,019,401,590	\$2,498,503,878
18	WI	University Of Wisconsin	\$1,552,592,799	7,117	\$929,223,080	\$1,195,917,000	\$2,896,248,154
19	TX	Security Service	\$1,510,281,929	6,621	\$3,371,427,898	\$440,356,345	\$1,496,236,787
20	UT	Mountain America	\$1,486,591,527	7,622	\$3,122,297,898	\$1,367,156,052	\$1,882,852,696
21	AK	Alaska USA	\$1,448,889,979	4,472	\$1,352,215,054	\$1,128,562,179	\$5,234,775,655
22	WI	Landmark	\$1,406,370,603	7,151	\$1,637,818,178	\$799,805,871	\$2,831,995,992
23	UT	America First	\$1,377,585,193	7,627	\$1,372,326,509	\$932,622,082	\$3,043,279,766
24	TX	Randolph-Brooks	\$1,374,891,251	7,212	\$3,775,132,583	\$170,573,901	\$911,555,781
25	TX	University	\$1,251,643,012	3,883	\$1,045,956,378	\$1,042,157,992	\$2,998,525,543
26	PA	Police And Fire	\$1,196,429,906	5,506	\$2,392,410,782	\$78,405,156	\$666,776,827
27	CA	Patelco	\$1,140,612,501	2,445	\$3,053,446,118	\$504,355,312	\$1,302,445,369
28	IL	BCU	\$1,105,051,835	3,504	\$1,783,915,943	\$521,742,057	\$2,463,842,089
29	IA	Veridian	\$1,099,393,170	5,606	\$1,670,385,578	\$789,407,005	\$117,869
30	CA	Kinecta	\$1,067,825,877	2,146	\$2,308,661,631	\$375,353,334	\$2,331,025,362
31	MN	Wings Financial	\$994,320,002	3,504	\$2,695,798,986	\$375,206,822	\$696,312,359
32	MA	Digital	\$991,268,537	2,647	\$2,414,348,911	\$590,191,100	\$2,790,585,821
33	FL	Suncoast	\$966,116,531	4,830	\$3,643,305,297	\$0	\$203,239,002
34	CA	Travis	\$963,383,723	2,212	\$1,556,560,401	\$228,413,099	\$599,237,367
35	KS	CommunityAmerica	\$909,124,876	3,866	\$796,657,813	\$594,332,793	\$2,500,518,474
36	NY	Teachers	\$905,701,000	2,788	\$2,185,940,424	\$578,109,500	\$1,720,020,271
37	CA	Redwood	\$904,288,807	2,048	\$2,197,042,106	\$297,399,300	\$1,057,386,901
38	UT	Utah Community	\$875,702,363	3,050	\$497,873,148	\$513,229,478	\$1,107,237,146
39	NY	State Employees	\$863,962,567	4,345	\$1,114,738,098	\$540,655,980	\$2,277,652,499
40	WI	Royal	\$859,012,386	6,307	\$1,203,686,572	\$502,367,811	\$1,807,810,721
41	IA	GreenState	\$850,273,955	3,244	\$3,533,299,681	\$1,358,591,206	\$49,241,081
42	OH	Wright-Patt	\$822,743,850	4,981	\$1,524,140,122	\$169,305,233	\$5,802,318,780
43	VA	Virginia	\$818,036,954	3,349	\$1,100,637,244	\$519,382,798	\$817,699,410
44	CA	Provident	\$816,502,557	1,660	\$1,490,374,519	\$460,533,737	\$1,537,319,160
45	CA	Financial Partners	\$809,865,852	1,541	\$697,333,499	\$663,569,484	\$1,551,264,843
46	CA	Mission	\$795,751,436	1,458	\$1,672,164,262	\$214,970,323	\$1,029,338,359
47	GA	Delta Community	\$783,223,266	3,260	\$2,435,528,705	\$220,406,814	\$621,319,365
48	MD	State Employees Credit Union of Maryland	\$760,468,456	1,893	\$1,750,206,934	\$221,136,000	\$998,387,781
49	WI	Community First	\$760,085,263	3,998	\$2,174,549,606	\$36,656,100	\$1,266,528
50	NY	United Nations	\$756,225,594	1,601	\$2,850,888,029	\$102,501,611	\$284,929,085

Top 300 First Mortgage-Granting CUs as of Sept. 30, 2020

Rank	State	Name of Credit Union	\$ Originated 1st Mortgages (Fixed & Adjustable)	# Originated 1st Mortgages (Fixed & Adjustable)	\$ Outstanding 1st Mortgages (Fixed & Adjustable)	\$ Sold 1st Mortgages	RE Loans Sold but Serviced by CU
51	CA	San Diego County	\$752,682,487	1,564	\$3,549,628,869	\$999,097	\$400,121,217
52	TX	TDECU	\$751,551,879	3,849	\$1,458,086,603	\$298,550,580	\$829,975,553
53	IL	Alliant	\$750,918,631	1,478	\$4,825,115,330	\$198,372,008	\$559,430,489
54	UT	Goldenwest	\$749,161,281	2,929	\$480,398,935	\$536,026,038	\$5,181,936
55	FL	VyStar	\$741,478,722	3,673	\$3,466,196,333	\$88,656,620	\$247,385,030
56	MN	TruStone Financial	\$729,595,813	2,807	\$631,924,249	\$454,827,731	\$1,100,337,559
57	WI	Altra	\$726,451,213	3,623	\$714,798,463	\$508,316,353	\$1,290,487,720
58	TN	Eastman	\$711,285,042	4,549	\$3,048,643,800	\$0	\$1,702,115
59	VT	New England	\$701,333,352	3,109	\$1,018,968,886	\$308,415,258	\$1,362,621,231
60	FL	Space Coast	\$696,277,976	3,124	\$1,348,688,533	\$100,084,591	\$636,549,255
61	MN	Affinity Plus	\$685,265,292	3,216	\$870,652,581	\$360,626,798	\$1,446,928,811
62	DC	Bank-Fund Staff	\$661,541,998	1,339	\$2,830,273,763	\$2,262,200	\$172,265,659
63	CO	Bellco	\$648,342,343	1,410	\$1,736,801,278	\$68,714,494	\$591,252,564
64	MI	United	\$640,261,550	3,023	\$1,147,369,509	\$417,862,801	\$732,632,259
65	CA	SAFE	\$639,860,776	1,462	\$1,202,328,930	\$282,111,194	\$996,810,105
66	NC	Coastal	\$635,551,004	2,947	\$954,017,640	\$468,097,705	\$2,002,868,175
67	WA	STCU	\$632,987,350	2,877	\$1,715,731,438	\$103,475,813	\$227,511,328
68	MA	Metro	\$608,961,197	1,543	\$970,252,409	\$273,456,869	\$1,005,708,194
69	NY	CAP COM	\$599,465,408	2,758	\$1,257,917,585	\$267,556,775	\$1,107,060,208
70	AZ	Desert Financial	\$593,565,473	2,426	\$882,891,933	\$31,895,865	\$1,324,800,424
71	PA	Members 1st	\$570,578,601	2,950	\$1,010,432,320	\$262,492,516	\$578,295,738
72	CA	Stanford	\$564,567,276	952	\$1,780,295,398	\$154,334,255	\$619,342,215
73	IL	CEFCU	\$539,148,036	2,710	\$2,776,736,593	\$0	\$37,293,078
74	VA	Northwest	\$533,929,159	1,595	\$963,908,324	\$149,173,811	\$1,300,247,695
75	WI	CoVantage	\$520,687,007	3,704	\$917,254,816	\$201,135,216	\$462,460,695
76	IN	Teachers	\$513,955,015	2,273	\$1,400,409,796	\$0	\$12,766,635
77	WA	Numerica	\$507,871,765	853	\$984,394,510	\$241,882,566	\$677,027,847
78	PA	American Heritage	\$507,309,158	1,381	\$1,066,725,708	\$240,638,408	\$1,001,215,388
79	WA	Gesa	\$498,610,088	1,864	\$1,059,492,605	\$73,433,345	\$596,134,134
80	MO	First Community	\$496,474,246	2,471	\$568,228,297	\$285,568,890	\$715,594,649
81	CO	Westerra	\$491,718,858	1,447	\$539,347,831	\$360,365,780	\$756,429,065
82	WI	Educators	\$490,858,455	2,963	\$941,309,829	\$339,153,044	\$620,519,697
83	IN	Forum	\$483,792,419	2,142	\$398,461,363	\$354,593,396	\$935,479,410
84	WA	Washington State Employees	\$482,249,191	1,729	\$1,065,768,967	\$178,635,012	\$967,574,549
85	CA	UNIFY Financial	\$472,051,714	873	\$1,288,677,016	\$115,676,798	\$455,848,956
86	CA	California	\$471,249,694	936	\$1,378,598,539	\$170,365,521	\$962,493,979
87	CO	Canvas	\$464,741,198	1,407	\$670,274,022	\$233,000,978	\$565,002,883
88	CA	Premier America	\$464,465,162	382	\$1,663,084,009	\$26,524,372	\$157,750,917
89	IN	Elements Financial	\$458,250,175	1,617	\$698,575,147	\$243,454,070	\$0
90	FL	MidFlorida	\$458,180,724	1,536	\$1,632,301,244	\$180,369,846	\$793,761,359
91	CA	Meriwest	\$457,554,818	730	\$874,317,862	\$161,932,540	\$721,346,722
92	VA	Apple	\$455,787,790	1,151	\$1,194,670,372	\$196,186,194	\$741,730,157
93	PA	Pennsylvania State Employees	\$448,992,723	2,666	\$1,623,107,640	\$841,800	\$119,913,861
94	OR	Oregon Community	\$443,426,364	1,644	\$545,124,191	\$245,948,395	\$344,144,860
95	MI	Genisys	\$442,694,376	2,122	\$808,933,167	\$134,570,930	\$251,070,722
96	CA	Orange County's	\$442,399,902	1,057	\$808,254,291	\$155,940,572	\$685,142,188
97	CA	Wescom	\$441,846,505	1,127	\$1,253,706,360	\$187,483,691	\$944,183,475
98	CA	Chevron	\$439,437,742	1,134	\$2,589,185,664	\$0	\$7,636,982
99	UT	University	\$437,535,897	1,559	\$318,063,399	\$303,833,045	\$603,613,066
100	CA	Partners	\$429,775,888	1,114	\$572,914,527	\$284,714,779	\$1,025,091,407

Top 300 First Mortgage-Granting CUs as of Sept. 30, 2020

Rank	State	Name of Credit Union	\$ Originated 1st Mortgages (Fixed & Adjustable)	# Originated 1st Mortgages (Fixed & Adjustable)	\$ Outstanding 1st Mortgages (Fixed & Adjustable)	\$ Sold 1st Mortgages	RE Loans Sold but Serviced by CU
101	KY	L & N	\$427,307,178	2,041	\$923,837,036	\$126,785,974	\$222,523,681
102	AL	Redstone	\$425,445,156	2,455	\$784,506,045	\$165,912,789	\$662,115,079
103	RI	Navigant	\$420,087,859	1,656	\$1,427,870,414	\$90,895,590	\$360,535,863
104	PA	Citadel	\$418,936,460	892	\$1,986,607,269	\$62,124,114	\$443,900,627
105	NY	ESL	\$412,780,286	1,686	\$582,251,254	\$219,905,924	\$1,135,562,018
106	OH	Superior	\$410,175,288	3,018	\$519,887,276	\$197,345,227	\$775,281,253
107	IA	Dupaco Community	\$407,954,061	2,447	\$576,540,594	\$214,418,632	\$841,709,699
108	RI	Pawtucket	\$405,769,207	1,820	\$1,521,044,820	\$28,083,441	\$199,111,311
109	MN	Central Minnesota	\$405,247,209	1,475	\$565,100,235	\$200,732,536	\$432,333,259
110	IN	3Rivers	\$403,867,362	2,017	\$435,507,614	\$300,970,303	\$734,842,994
111	IN	Indiana Members	\$401,467,793	1,799	\$751,363,326	\$220,713,607	\$220,976,103
112	MI	Michigan State University	\$395,967,280	1,943	\$1,812,697,536	\$1,237,920	\$26,810,512
113	NH	Service	\$391,103,228	1,385	\$1,342,067,696	\$598,800	\$2,193,400
114	CA	Nuvision	\$386,869,192	1,072	\$984,624,480	\$73,156,537	\$559,509,846
115	AZ	OneAZ	\$384,368,858	1,411	\$643,203,643	\$200,916,813	\$888,059,216
116	NJ	Affinity	\$382,564,957	1,363	\$2,021,419,862	\$99,790,952	\$212,229,476
117	MA	Jeanne D'Arc	\$382,468,753	1,025	\$929,763,508	\$118,255,375	\$129,301,317
118	SC	South Carolina	\$379,363,250	1,536	\$773,878,994	\$196,852,198	\$453,613,684
119	NC	Local Government	\$379,042,128	2,352	\$1,004,484,086	\$115,842,875	\$0
120	TX	American Airlines	\$378,579,250	1,453	\$2,705,894,529	\$0	\$1,896,623
121	TX	Amplify	\$375,649,843	918	\$449,232,719	\$125,300,624	\$411,716,445
122	WI	Westconsin	\$370,774,924	2,133	\$468,675,332	\$280,321,716	\$1,008,613,958
123	MI	Michigan Schools and Government	\$370,460,896	1,870	\$927,536,795	\$45,865,775	\$80,905,961
124	MO	Together	\$365,644,566	1,569	\$669,999,081	\$215,527,891	\$552,552,312
125	NY	Visions	\$361,799,704	1,672	\$1,809,965,015	\$0	\$60,416,892
126	IN	Purdue	\$357,818,927	1,614	\$824,659,073	\$101,834,394	\$466,470,974
127	NY	Hudson Valley	\$352,317,924	1,352	\$866,988,096	\$214,337,735	\$1,387,457,619
128	OH	General Electric	\$343,573,683	860	\$1,259,230,123	\$635,500	\$635,500
129	FL	Fairwinds	\$340,402,175	1,686	\$1,273,754,103	\$207,630,028	\$579,390,094
130	UT	Cyprus	\$339,699,178	1,201	\$280,322,812	\$240,180,046	\$0
131	WA	iQ	\$339,404,517	1,029	\$430,577,054	\$163,167,745	\$315,669,309
132	WI	Fox Communities	\$338,017,221	2,210	\$1,166,491,507	\$50,406,041	\$143,348,831
133	NM	Nusenda	\$337,853,493	1,237	\$791,008,898	\$143,776,552	\$565,556,306
134	NY	Corning	\$330,550,233	1,700	\$417,888,114	\$215,601,953	\$523,907,172
135	MD	Tower	\$326,632,137	1,016	\$714,863,569	\$0	\$821,918,834
136	NC	Truliant	\$325,797,397	1,708	\$616,640,538	\$214,016,126	\$219,188,366
137	NV	One Nevada	\$325,386,051	1,218	\$195,337,418	\$297,392,700	\$89,911,613
138	IL	Deere Employees	\$324,413,221	1,417	\$546,710,553	\$176,681,866	\$246,023,931
139	NC	Allegacy	\$320,974,908	1,508	\$556,766,210	\$84,293,786	\$178,595,839
140	OR	Advantis	\$318,100,942	1,176	\$424,930,499	\$206,152,085	\$850,582,606
141	FL	IThink	\$316,282,844	805	\$756,258,197	\$75,498,020	\$366,868,667
142	NY	USAlliance Financial	\$316,190,015	410	\$888,511,352	\$51,958,110	\$183,013,517
143	CA	Technology	\$312,710,483	453	\$1,017,730,336	\$0	\$114,788,403
144	HI	Hawaii State	\$309,706,471	565	\$412,011,034	\$176,693,863	\$471,509,442
145	MA	Hanscom	\$309,640,860	735	\$441,387,195	\$68,175,926	\$410,341,900
146	WA	Whatcom Educational	\$307,195,168	889	\$960,864,737	\$62,973,323	\$394,438,346
147	OR	Unitus Community	\$306,409,339	1,163	\$440,748,351	\$204,459,683	\$628,222,413
148	TX	Texas Tech	\$304,477,725	1,360	\$25,795,118	\$248,931,266	\$0
149	IL	First Financial	\$302,467,782	994	\$27,506,791	\$288,815,984	\$340,288,238
150	CA	KeyPoint	\$300,688,230	544	\$675,689,047	\$107,206,093	\$477,377,452

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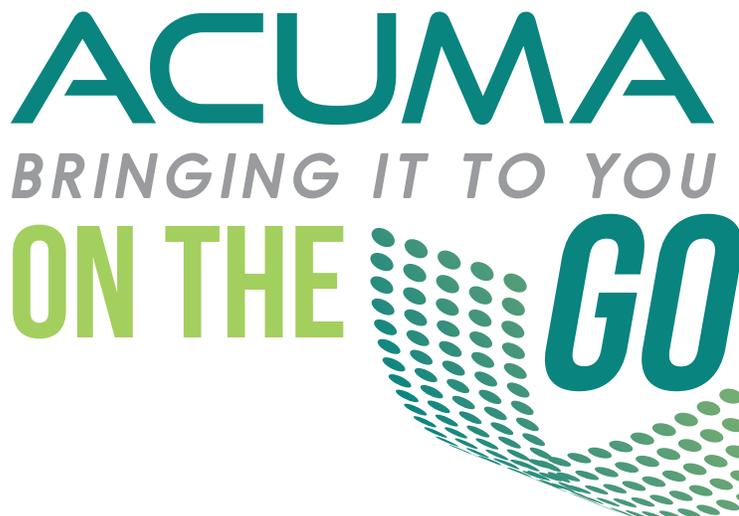
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Top 300 First Mortgage-Granting CUs as of Sept. 30, 2020

Rank	State	Name of Credit Union	\$ Originated 1st Mortgages (Fixed & Adjustable)	# Originated 1st Mortgages (Fixed & Adjustable)	\$ Outstanding 1st Mortgages (Fixed & Adjustable)	\$ Sold 1st Mortgages	RE Loans Sold but Serviced by CU
151	MA	Harvard University Employees	\$297,836,747	650	\$455,604,087	\$100,651,745	\$480,555,520
152	ID	Potlatch No 1 Financial	\$297,786,489	1,315	\$364,808,025	\$169,692,946	\$406,818,929
153	MS	Keesler	\$297,100,503	1,596	\$1,021,878,624	\$0	\$13,026,601
154	VA	Langley	\$293,966,927	1,261	\$915,217,348	\$57,298,118	\$178,784,118
155	MI	DFCU Financial	\$293,965,457	1,709	\$487,561,251	\$208,420,826	\$919,153,754
156	CA	California Coast	\$292,120,542	1,178	\$843,126,059	\$89,030,961	\$221,225,630
157	CA	San Mateo	\$292,048,976	567	\$604,105,366	\$81,149,673	\$240,888,229
158	PA	Franklin Mint	\$290,062,432	1,022	\$485,363,396	\$64,244,214	\$461,270,675
159	WA	Sound	\$286,026,334	877	\$709,813,047	\$120,846,703	\$0
160	GA	Georgia's Own	\$285,607,366	1,101	\$662,805,110	\$142,446,349	\$825,242,100
161	TX	Advancial	\$284,676,560	785	\$515,367,313	\$134,020,112	\$487,388,714
162	SC	Founders	\$284,371,431	1,773	\$1,240,818,703	\$0	\$0
163	CA	Firefighters First	\$282,439,210	734	\$817,223,992	\$68,448,101	\$213,323,615
164	MI	Honor	\$277,304,840	1,513	\$400,974,946	\$193,445,493	\$488,657,323
165	CA	First Entertainment	\$272,413,962	623	\$732,932,873	\$63,941,542	\$194,084,354
166	CO	Premier Members	\$271,677,673	857	\$510,007,141	\$85,345,799	\$230,549,027
167	CA	Credit Union of Southern California	\$269,717,780	721	\$618,207,878	\$83,030,173	\$258,026,502
168	IN	Notre Dame	\$266,880,413	1,268	\$282,760,737	\$177,431,332	\$366,418,567
169	TX	Austin Telco	\$265,492,665	1,089	\$771,665,381	\$987,503	\$0
170	CO	Credit Union Of Colorado	\$265,138,552	998	\$472,314,796	\$83,258,622	\$209,252,492
171	NY	Sunmark	\$264,337,155	1,341	\$285,927,911	\$205,303,340	\$0
172	TN	Ascend	\$264,085,610	1,223	\$989,185,238	\$6,625,716	\$0
173	WI	Capital	\$263,999,620	1,554	\$755,928,643	\$72,467,166	\$245,608,053
174	MD	NASA	\$262,243,970	775	\$1,126,457,797	\$164,905,442	\$55,205,907
175	OR	Rogue	\$260,127,362	1,110	\$312,186,352	\$166,861,638	\$359,180,914
176	IN	Interra	\$259,588,262	1,255	\$644,204,847	\$73,402,317	\$123,077,596
177	OK	Truity	\$257,904,224	1,039	\$178,249,468	\$184,103,225	\$680,794,393
178	UT	Deseret First	\$256,753,586	934	\$271,896,164	\$239,507,589	\$0
179	TX	GECU	\$252,509,939	1,841	\$551,313,257	\$155,786,484	\$749,345,892
180	TN	ORNL	\$251,871,034	1,249	\$1,169,007,369	\$25,029,681	\$361,050,841
181	ND	Town and Country	\$250,364,674	1,078	\$194,505,152	\$200,873,982	\$25,708,382
182	IL	Consumers	\$247,114,370	1,060	\$635,569,930	\$166,281,196	\$628,486,427
183	IL	Great Lakes	\$243,970,180	571	\$356,536,633	\$37,478,940	\$269,842,700
184	FL	GTE Financial	\$243,803,052	1,124	\$644,012,581	\$33,721,652	\$1,050,168,008
185	MI	Frankenmuth	\$240,488,352	1,440	\$211,190,979	\$201,319,714	\$422,836,899
186	NH	St. Mary's Bank	\$239,221,564	972	\$397,924,771	\$138,115,242	\$636,656,784
187	FL	Tyndall	\$237,014,643	1,276	\$281,979,443	\$113,493,533	\$222,987,842
188	NY	Jovia Financial	\$230,263,641	621	\$1,220,820,919	\$123,149,108	\$540,463,198
189	GA	Robins Financial	\$229,817,266	1,192	\$479,221,913	\$112,922,194	\$345,114,071
190	PA	TruMark Financial	\$229,119,788	834	\$791,533,751	\$141,491,906	\$595,415,638
191	CA	American First	\$222,442,545	396	\$356,585,733	\$129,320,525	\$644,875,633
192	MT	Whitefish	\$221,902,998	898	\$889,808,101	\$0	\$0
193	MI	Lake Trust	\$221,449,782	1,099	\$700,567,613	\$0	\$4,681,230
194	CA	Pacific Service	\$221,351,379	669	\$397,818,218	\$54,890,205	\$0
195	NY	AmeriCU	\$219,351,701	1,293	\$1,030,048,757	\$7,064,236	\$196,194,942
196	IA	Collins Community	\$219,138,845	1,266	\$310,892,051	\$306,516,487	\$437,206,774
197	WI	Thrivent	\$218,599,200	1,450	\$321,728,492	\$131,668,645	\$408,602,148
198	GA	Associated	\$218,555,264	1,108	\$290,644,508	\$126,668,918	\$379,655,856
199	OK	TTCU	\$217,378,296	1,125	\$262,398,765	\$115,612,154	\$352,758,836
200	FL	First Commerce	\$215,869,451	1,395	\$252,631,473	\$82,044,715	\$148,791,071

Top 300 First Mortgage-Granting CUs as of Sept. 30, 2020

Rank	State	Name of Credit Union	\$ Originated 1st Mortgages (Fixed & Adjustable)	# Originated 1st Mortgages (Fixed & Adjustable)	\$ Outstanding 1st Mortgages (Fixed & Adjustable)	\$ Sold 1st Mortgages	RE Loans Sold but Serviced by CU
201	KY	Commonwealth	\$215,290,168	1,282	\$492,179,507	\$9,733,040	\$42,755,126
202	MI	Credit Union One	\$214,920,024	1,148	\$481,860,423	\$151,709,218	\$871,112
203	GA	Georgia United	\$214,414,649	1,019	\$279,757,196	\$137,470,431	\$241,236,377
204	AZ	TruWest	\$214,276,331	683	\$344,370,315	\$135,733,974	\$321,129,768
205	SC	Sharonview	\$212,459,804	957	\$615,608,981	\$291,444,847	\$383,925,561
206	AR	Arkansas	\$210,658,675	1,446	\$403,973,842	\$82,259,828	\$230,021,467
207	DC	Congressional	\$210,657,339	587	\$421,634,639	\$85,363,548	\$145,074,799
208	MI	Community Financial	\$209,903,468	934	\$415,912,591	\$113,580,183	\$394,373,619
209	FL	Campus USA	\$209,626,431	1,149	\$760,230,088	\$3,057,700	\$35,071,789
210	TN	Y-12	\$209,460,398	859	\$593,639,699	\$24,039,009	\$68,413,166
211	OR	Rivermark Community	\$209,429,174	742	\$200,269,160	\$141,150,444	\$366,466,732
212	NY	Empower	\$208,392,356	1,152	\$552,593,305	\$66,903,025	\$640,857,016
213	TN	Knoxville TVA Employees	\$208,164,821	1,209	\$774,927,256	\$4,237,891	\$0
214	NM	Sandia Laboratory	\$207,263,202	731	\$758,887,539	\$40,238,411	\$87,739,765
215	CA	SF Fire	\$206,761,057	332	\$638,884,975	\$95,665,436	\$271,728,135
216	MI	Advia	\$206,448,979	1,127	\$803,057,845	\$157,329,683	\$0
217	NE	Liberty First	\$205,213,065	1,071	\$106,833,024	\$169,534,416	\$0
218	MN	Hiway	\$203,833,150	914	\$469,153,538	\$51,415,416	\$261,714,509
219	CT	American Eagle Financial	\$202,619,470	865	\$774,614,769	\$0	\$309,365,976
220	TX	Credit Union of Texas	\$201,636,582	1,136	\$295,343,170	\$117,523,031	\$0
221	MA	Rockland	\$201,262,462	576	\$656,052,665	\$92,878,661	\$287,718,898
222	IN	Indiana University	\$196,362,724	718	\$578,518,343	\$15,666,095	\$3,537,794
223	AL	Avadian	\$196,201,739	847	\$213,673,784	\$159,614,028	\$46,621,060
224	SD	Sioux Empire	\$195,958,117	975	\$5,562,014	\$195,113,754	\$371,608,459
225	MI	Arbor Financial	\$195,296,280	1,054	\$384,302,290	\$118,862,064	\$228,078,160
226	WA	Solarity	\$194,323,569	769	\$248,340,696	\$101,086,036	\$339,536,834
227	NY	Polish & Slavic	\$194,290,748	1,245	\$1,060,640,119	\$0	\$43,755,566
228	TX	EECU	\$193,659,514	1,034	\$517,826,390	\$68,597,299	\$217,097,869
229	SD	Sioux Falls	\$192,889,204	884	\$33,839,454	\$184,888,365	\$0
230	NE	Centris	\$191,848,148	1,009	\$217,446,546	\$92,769,029	\$468,159,124
231	CO	Colorado	\$190,789,567	551	\$37,497,238	\$179,858,605	\$57,886,521
232	WI	Verve, a	\$188,186,492	928	\$509,446,341	\$95,936,528	\$295,042,056
233	IN	Centra	\$186,722,188	1,143	\$573,033,141	\$65,432,509	\$212,913,178
234	TX	Navy Army Community	\$186,636,799	1,214	\$1,037,286,176	\$155,114,835	\$157,108,468
235	CA	Valley Strong	\$186,629,161	765	\$866,415,105	\$55,097,453	\$247,213,582
236	WA	TwinStar	\$179,521,834	741	\$175,216,492	\$141,081,056	\$440,897,465
237	TX	United Heritage	\$178,072,402	690	\$371,884,337	\$84,998,301	\$258,565
238	GA	Atlanta Postal	\$177,445,529	665	\$630,826,871	\$0	\$0
239	TX	Shell	\$177,197,193	1,058	\$299,689,348	\$71,214,875	\$200,627,259
240	CA	Northrop Grumman	\$175,065,898	477	\$388,351,906	\$67,551,857	\$137,897,685
241	FL	Tropical Financial	\$174,594,954	619	\$248,072,539	\$128,652,542	\$415,764,577
242	FL	Community First Credit Union of Florida	\$174,320,883	865	\$652,234,144	\$55,507,188	\$167,661,862
243	MT	Clearwater	\$173,857,229	734	\$184,564,819	\$90,590,674	\$263,878,757
244	SD	Black Hills	\$171,342,528	676	\$570,377,326	\$142,356,977	\$0
245	IN	ProFed	\$171,004,943	1,099	\$187,015,244	\$97,399,051	\$219,187,449
246	MI	Consumers	\$170,401,681	857	\$516,533,986	\$183,782,853	\$479,549,043
247	MA	Southern Mass	\$170,230,833	516	\$175,904,955	\$98,022,359	\$75,785,009
248	VA	Freedom First	\$169,632,249	712	\$324,070,884	\$117,448,005	\$0
249	IN	Beacon	\$167,637,516	747	\$721,310,354	\$11,668,855	\$18,747,441
250	IA	Community Choice	\$167,439,515	1,052	\$168,452,943	\$110,388,305	\$0

Top 300 First Mortgage-Granting CUs as of Sept. 30, 2020

Rank	State	Name of Credit Union	\$ Originated 1st Mortgages (Fixed & Adjustable)	# Originated 1st Mortgages (Fixed & Adjustable)	\$ Outstanding 1st Mortgages (Fixed & Adjustable)	\$ Sold 1st Mortgages	RE Loans Sold but Serviced by CU
251	IN	Heritage	\$166,938,039	1,052	\$183,042,854	\$90,179,120	\$254,979,033
252	VT	Vermont State Employees	\$166,200,434	843	\$512,210,267	\$0	\$246,455,723
253	ID	Beehive	\$166,150,961	795	\$111,093,860	\$75,822,879	\$37,380,463
254	WA	Salal	\$166,053,675	358	\$309,388,470	\$58,599,557	\$309,719,267
255	MA	Align	\$165,021,888	515	\$315,551,709	\$83,658,857	\$297,080,287
256	TN	Leaders	\$165,006,238	963	\$102,798,669	\$104,767,689	\$0
257	IL	Vibrant	\$164,418,843	956	\$301,428,539	\$111,147,663	\$188,423,537
258	CA	Bay	\$163,752,550	403	\$307,003,399	\$68,014,550	\$354,327,163
259	HI	Hawaiian Financial	\$163,540,250	347	\$312,059,584	\$128,946,100	\$0
260	TN	Tennessee Valley	\$162,814,101	856	\$412,012,659	\$66,368,887	\$0
261	HI	HawaiiUSA	\$161,485,053	252	\$503,146,272	\$0	\$1,519,438
262	OK	WEOKIE	\$161,063,850	734	\$451,392,126	\$35,757,086	\$138,843,881
263	WI	Westby Co-op	\$160,316,107	844	\$259,876,064	\$58,177,525	\$177,917,135
264	FL	Achieva	\$158,080,281	629	\$379,980,996	\$86,226,266	\$299,879,906
265	AZ	Vantage West	\$157,219,620	724	\$489,835,354	\$74,241,188	\$163,619,103
266	CA	CoastHills	\$156,360,467	391	\$450,468,515	\$14,267,945	\$104,023,546
267	KY	Park Community	\$155,996,547	789	\$463,102,535	\$24,765,061	\$0
268	TX	A+	\$155,438,880	968	\$614,421,213	\$57,126,388	\$50,978,397
269	MA	Merrimack Valley	\$155,360,763	491	\$419,594,164	\$58,320,001	\$202,762,429
270	OR	First Community	\$154,490,868	725	\$427,416,296	\$120,819,500	\$368,988,082
271	NH	Northeast	\$154,373,750	720	\$431,936,983	\$42,531,389	\$106,919,216
272	CA	Foothill	\$154,089,835	366	\$207,464,059	\$67,674,209	\$200,025,884
273	WA	Verity	\$153,712,889	529	\$230,335,053	\$98,427,305	\$183,641,720
274	WI	Blackhawk Community	\$153,460,220	1,043	\$323,266,456	\$12,718,770	\$239,483,201
275	VA	Dupont Community	\$151,599,196	786	\$550,394,265	\$73,737,320	\$147,041,247
276	VA	UVA Community	\$150,566,666	645	\$271,904,840	\$49,676,792	\$0
277	OH	Directions	\$150,483,076	792	\$258,108,570	\$94,895,249	\$273,675,922
278	GA	LGE Community	\$150,333,826	701	\$538,152,563	\$1,798,705	\$7,706,032
279	SC	SRP	\$150,198,578	733	\$337,936,423	\$62,480,467	\$0
280	DC	Department Of Commerce	\$150,158,582	367	\$316,545,958	\$62,337,321	\$59,934,075
281	CA	CBC	\$149,385,269	380	\$222,696,710	\$37,910,388	\$113,123,807
282	CA	First Financial	\$146,792,064	398	\$124,394,550	\$172,503,674	\$255,192,623
283	FL	Addition Financial	\$146,657,667	717	\$676,883,261	\$10,370,187	\$28,114,440
284	MI	Dow Chemical Employees	\$146,379,058	900	\$531,262,341	\$22,254,762	\$85,837,814
285	TN	Orion	\$146,235,121	530	\$372,251,996	\$69,880,960	\$17,007,381
286	OR	Oregon State	\$145,403,797	552	\$309,050,808	\$86,601,942	\$294,535,961
287	MD	National Institutes of Health	\$144,496,898	439	\$228,802,679	\$106,412,487	\$246,149,183
288	CA	Operating Engineers Local Union #3	\$144,255,424	484	\$420,448,762	\$693,000	\$0
289	PA	Patriot	\$144,099,702	698	\$185,866,211	\$65,236,991	\$0
290	CO	Air Academy	\$143,883,442	575	\$235,990,161	\$54,171,350	\$0
291	NC	Self-Help	\$143,856,166	490	\$898,992,619	\$0	\$0
292	WA	Seattle	\$142,293,463	309	\$329,407,365	\$101,217,316	\$339,140,543
293	CA	F & A	\$140,934,546	333	\$220,006,983	\$0	\$40,881,248
294	OR	Maps	\$139,347,534	568	\$253,014,495	\$61,772,144	\$48,020,958
295	IL	Scott	\$137,433,481	704	\$247,392,512	\$40,636,659	\$98,815,775
296	CA	Altura	\$137,126,982	368	\$410,333,518	\$1,563,669	\$12,275,052
297	MN	Spire	\$136,737,644	595	\$455,113,059	\$111,116,369	\$174,181,023
298	MI	Dort Financial	\$136,639,529	698	\$403,635,795	\$11,808,260	\$63,544,135
299	IL	DuPage	\$135,654,138	346	\$28,934,348	\$76,980,514	\$545,685,691
300	MA	Direct	\$133,718,370	346	\$299,524,211	\$53,051,357	\$216,981,328

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THE LAST WORD

Tracy Ashfield

It's Time to Embrace Diversity

It's the Right Thing to Do, and the Future of Your Business Depends on It

By Tracy Ashfield
ACUMA

When thinking about the theme of this issue, we hit on “Growing the Tree of Diversity” for many interconnected reasons.

Like others, we saw the Black Lives Matter protests that called for racial equality. Subsequently, we became acutely aware of the need for credit unions—long the champion of the underserved—to ensure we are serving our diverse memberships. Diversity speaks to race, ethnicity, socioeconomic status, age, etc.

To accomplish this goal, we then began to understand the urgency in broadening not only the diversity of our credit union staff, but also developing a wider array of mortgage (and other) products and services in order to serve the needs of that diverse membership.

So, yes, growing diversity brings a string of interconnected goals. To achieve them, credit unions need to work on strategies, decide what's most important, and make the necessary changes.

Gail Cox's outstanding article in this issue offers a framework for such a journey. She asks pertinent and important questions—some quite pointed—to encourage discussion and consideration. She offers specific plans for reaching goals along the way.

Other contributors talk about dealing with language barriers, tools to attract a diverse group of employees, marketing outreach ideas, understanding minority

cultures, limiting appraisal bias, and more.

It all provides a rich foundation upon which to build. The rest is up to each of us.

But embracing diversity is not only the right thing to do, it is a requirement for future success. As more than one article in this issue points out, the majority of new home purchases is coming from members of minority groups, a trend that is only expected to accelerate.

And the refi boom is pretty much over: a recent Mortgage Bankers Association study noted that refinance loans made up 60% of the U.S. market. We know that percentage was higher at many credit unions. But the MBA now

forecasts that by late 2021, refis will make up 30% or less of the market.

Will you be prepared to attract buyers looking for purchase loans with your current staff and products? Will you be ready for intense competition for those loans?

Furthermore, are you attracting younger members—the demographic that's going to be looking for their first homes and then larger homes as their families grow? As a reminder, the average age of a credit union member nationwide now tops 50.

Or are you attracting young workers? That can help bring in younger members in many ways. This issue's article about Ent Credit Union's trainee program points out how a forward-looking financial institution has built strategies to attract a young, diverse workforce on a continuing basis. And you don't have to be a billion-dollar FI to do so.

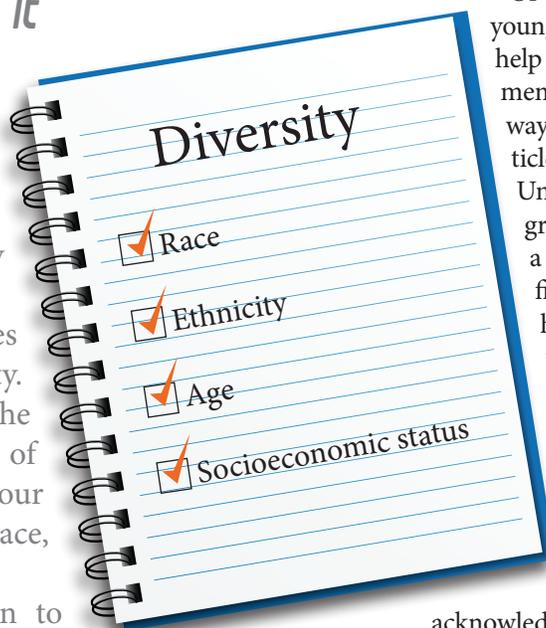
I'd suggest you

acknowledge outreach marketing, make it reflective of your current and potential membership, and especially look to those first-time homebuyers. You need to do this now to keep your volume totals up and attract new business as refis shift to purchase loans. Don't be left behind.

ACUMA can help. Our resources are many, and we are offering multiple opportunities to learn and grow every month.

But in the end, the decision is ours. Can we continue to compete without diversifying membership, staff, products and services? Think about it. ▲

Tracy Ashfield is the President of ACUMA.



Are you attracting young workers? That can help bring in younger members in many ways.



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