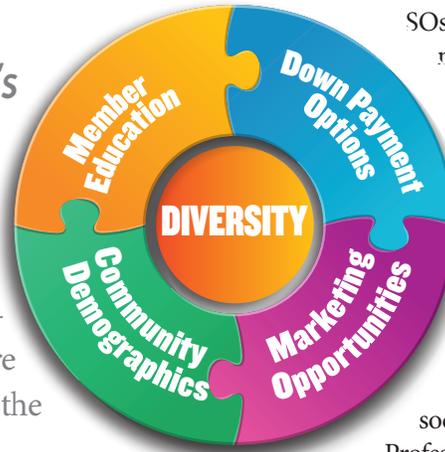


# Walking the Lending Tightrope

## 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%.<sup>1</sup>

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

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