





Serving Credit Unions and Their Members Since 1978.

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Combating a Rising Rate Environment - Capturing More Purchase Loans



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1. Why is a Purchase Market Different Than a Refinance Market?
2. Why Should I be Concerned About Capturing my Member at the *Beginning* of the Buying Cycle?
3. How do I Combat a Rising Rate Environment?

Why is a Purchase Market Different Than a Refinance Market?

- Purchase markets are *extremely* competitive
 - Less overall volume
 - Many lenders competing for fewer transactions
 - Reduced profit margins for lenders
- Mortgage bankers can be tough competitors!
 - Aggressive!
 - Highly seasoned and experienced sales force
 - Already have established relationships with real estate agents

Why Should I be Concerned About Capturing my Member at the Beginning of the Buying Cycle?

1. Whomever gets to the member first typically controls the transaction!
2. Realtors have their own referral network of mortgage lenders



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What Do We Do About It?

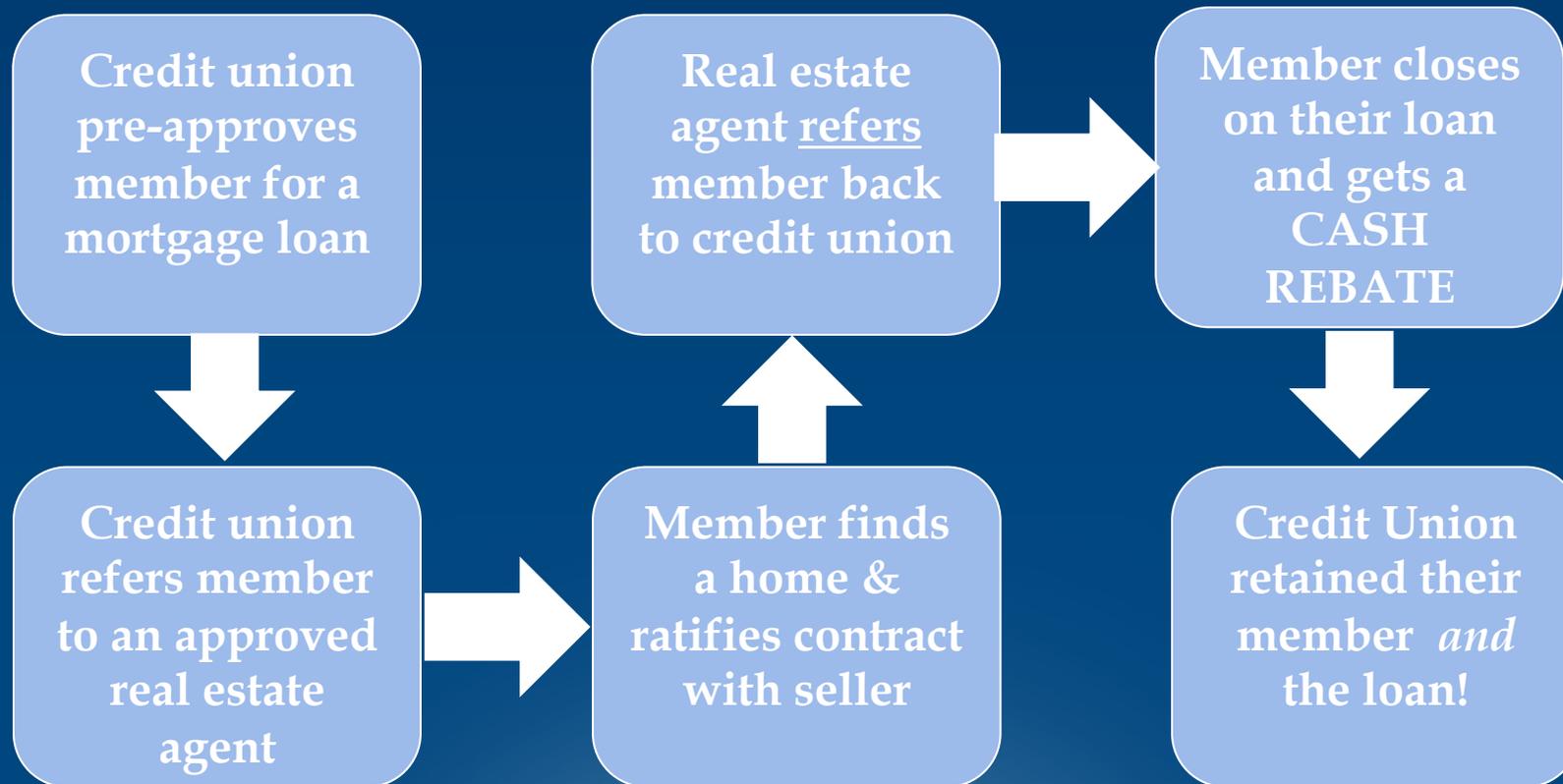
3 Ways to Capture More Members at the Beginning of the Buying Cycle!

1. Partner With a Real Estate Agent Referral Network
2. Offer Unique Loan Products
3. Market to Your Members

Partner With Real Estate Agent Referral Networks

- Helps create a one-stop shopping experience for the member
- Minimal expense to the credit union to participate in the program
- **NO** cost to member
- Member receives a cash rebate of 20% of the agent's commission at closing when they buy or sell a home using an approved real estate agent
- Extensive network of real estate agents who support *and* embrace working with credit unions

Partner With Real Estate Agent Referral Networks



Unique Loan Products

- Compete on *product*, not on rate!
- Leverage the power of your portfolio by creating unique loan products that traditional lenders can't offer
- Products can be tailored to meet the needs of both the member and the credit union

Examples of Unique Loan Products

➤ 15/15 ARM

- Rates typically ~1/2% lower than a 30yr fixed rate
- Fixed for 15 years
- Max 4% increase at adjustment then fixed for remaining 15 years

➤ 5/5 ARM

- Offers more stability after the initial fixed rate period; rate only adjusts every 5 years vs. annually

➤ 90% no PMI

- w/slight bump to rate to mitigate risk

➤ No Money Down!

- 100% financing
- Has PMI but is less costly than an FHA loan

Unique “Features” to Loan Products

➤ **Rate Reset**

- Member-initiated “one click” automatic rate reset
- No need for member to refinance if rates go down!

➤ **“Lock and Shop”**

- Free 90 day rate lock while the member shops for a home
- Float down to market rate if rates decline prior to closing

➤ **Special promotions:**

- Loan specials (i.e. .25% rate reduction on ARMs)
- Closing cost specials (i.e. rebate appraisal fee at closing)

Marketing!

- Website!
 - Today more than 90% of members apply for a mortgage online
- E-Blasts
 - Low to zero expense
 - Quick, easy, and effective
- Collateral material and posters in branches
- Statement stuffers
- Have an “always on” consistent marketing message:
 - “We do mortgage loans, why go anywhere else! “
 - “Buy a home, get a loan get a rebate!”
- **Plan to thrive, not just survive, in rising rate market!!**



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Thank You!

