



President's Column

Put Your Members (and Your Credit Union) in the Best Position for Buying a Home

By Bob Dorsa

Last December I re-entered the housing market, looking to purchase a residence that would more closely suit my needs. ■ Clearly, I know the process—the steps, the requirements for house hunting. But—and I suspect many consumers feel this way—it’s emotional; you get caught up in the moment. ■ So I moved ahead quickly—too quickly as it turned out. In fact, I lost a near perfect match for my needs because I was unprepared as a “novice” home buyer. ■ I know that sounds strange coming from someone who knows the mortgage industry inside-out. But it’s true. I learned that you’d better train your brain to keep your emotions in check, or you will be at a huge disadvantage (and likely suffer a huge disappointment).

The first thing I realized was that without a pre-approval or qualification from a lender (that clearly shows the buyer’s intent), Realtors are not very in-

terested in taking time to show properties. No matter who you are.

Even more disconcerting for me: I was beaten out for that near-perfect match (Can you say, sold out from under me?) because I didn’t (even though my brain was telling me to) take the first step of getting lender approval.

Live and learn. And here is what I would tell credit unions that are moving toward purchase loans (as you should be doing) and preparing for the spring homebuying season: Offer a homebuyer education program for your members.

As we have learned from our years of exhibiting at the NAR’s annual conference, Realtors are more comfortable with credit unions and (especially) *your role to educate and assist the borrower*. Realtors rightly feel that by leveraging the level of trust credit unions have earned, you have a better chance to compete. Keep this in mind.

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DON'T LET THE OPPORTUNITY PASS

Is this education really necessary, you ask? My credit union already promotes our mortgage lending program. OK, that’s great. But there are additional actions that need to be taken to make sure you—and your member—are ready to go when the opportunity arises. As I learned, you snooze, you lose.

A recent national survey by Sente Mortgage shows consumers spend more time and effort on non-essential tasks and decision when preparing to buy a home. For instance, survey respondents were more likely to spend considerable time when comparing and buying a TV (32%) than when comparing and selecting a mortgage (29%). Respondents were also nearly twice as likely to spend more time planning a vacation than selecting their mortgage.

According to Sente, an independent mortgage bank based in Texas, the survey results are especially relevant for Millennials, highlighting a lack of financial education when making major financial decisions and underscoring rising risk in the housing market.

Among key findings of Sente's survey: While 92% of consumers believe that owning is a better long-term solution than renting, only 30% know where to start when buying a home; only slightly more than half said they have the financial education needed to purchase a home; and while 63% said they could not navigate the financial side of the homebuying process alone, the majority (51%) entrust the selection of their lender to their real estate agent.

FIVE TIPS TO GET THINGS GOING

To have the best chance of helping your members get their mortgage loan from you, it's imperative to get the ball rolling ahead of their home search. So let your member (1) know what you can offer them and (2) how they can be ready when opportunity knocks.

- Use a marketing campaign that urges action. "Take the Steps You Need to Be Ready" could be a theme. Make members aware of your options and how you will help them qualify for one program if they don't qualify for another. Your flexibility is a key differentiator.
- Have in place a plan to make it easy for the member to "pre-apply." As the Sente survey indicates, most consumers are intimidated by the complicated process. Make it easier for them to get started; then help them throughout the process. And if you have advanced technology, like an easy-to-use online application, make sure your members know about it.
- Be responsive. The most difficult thing for a consumer might be not hearing anything from you. Stay in touch; move the process along; explain every next step.
- Keep the goal in mind. Help the consumer know that by being approved or qualified means being able to pull the trigger when it's needed.
- If you haven't already, reach out Realtors and develop a network and a strategy for putting these local professionals in touch with your members. It's a mutually beneficial system—for you and the Realtors—and ultimately the member will benefit, too.

I would have benefitted from a mortgage loan education. I learned the hard way that it pays off to be prepared. Don't let your members learn that lesson. Help them to be prepared—and educated—for the challenge of buying a home.

Keep in mind one of my favorite quotes: "Actions speak louder than words."

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