



Where There's a Will, There's a Way

*Small Credit Union Finds
Mortgage Lending Success with
a Larger CU as Partner*



No matter what size, a credit union can develop a mortgage-lending program. It takes initiative. It takes hard work. It takes a vision.

But if you want to help your members purchase homes, there is always a way to make it happen.

New York University Federal Credit Union is small by any measure. It has about \$20 million in assets and 5,000 members. Located on the NYU campus in Greenwich Village near Washington Square Park, the credit union serves students, faculty, staff, NYU alumni, retirees and their immediate family members.

Yet it has found a way to offer its members mortgage loans by partnering with larger credit unions, NYU FCU CEO Mira Ness explains.

“Approximately seven years ago, near the beginning of the recession, I became concerned about the limited options for the credit Union to increase its income,” Ness says. “I evaluated what kinds of products and services we needed to add for our members that would provide great value while allowing NYU FCU to increase revenues.

“Initially, I believed that offering mortgage loans was a valuable service for our members,” Ness continues. “However, I discovered several barriers for our CU to get heavily involved without the benefit of a partner.

“Even so, I believed providing mortgage loans would serve my members well and potentially create an opportunity to earn interest and perhaps other fee income from each

transaction.”

THE SEARCH FOR A PARTNER

As a result, Ness began looking for a partner. She reached out to some of the larger credit unions in the area and found one that was intrigued by NYU FCU’s vision and the opportunity to help build both of the credit unions’ programs.

In searching for a partner, Ness says she sought credit unions with superior (CAMEL 1) ratings that are well respected in their community and the credit union industry. She understood that her CU’s reputation was at stake and only considered partners that she believed would do the right job for her members and her credit union.

Ness says she knew that with only

four full-time employees, her credit union would need to tap resources from the CU’s lending partner. To do so, NYU FCU takes mortgage applications online (www.nyufcu.com/mortgage/), which are referred to the partner’s Loan Processor, who then works with the member through to closing.

These mortgage loans are funded in the name of NYU FCU, which retains the closed loans until the end of each month. Then, the loan and servicing are transferred to the lending partner, Ness says. The credit union retains interest income from the time the loan is funded until it is transferred to the partner.

Mortgage applications are viewed first by Ness or a staff member. NYU FCU uses a series of pre-scripted emails to reply to borrowers. The emails are copied to the



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Loan Processor assigned to the specific loan by the partner, who can step in at any time to ensure timely loan processing or communication with the borrower. The NYU FCU staff is trained to work with the partner when necessary.

NYU FCU and its lending partner share access to relevant technology, including the Loan Origination System. “It’s important,” Ness notes, “to ensure communications with the borrower are shared between our staff and the partner.”

DEALING WITH PARTNERSHIP ISSUES

The partnership was not without “growing pains,” Ness admits. She and her partner both confronted issues they had not anticipated.

When issues surfaced, Ness says she and her partner quickly identified what needed to change and how to do it. One issue was the representation of NYU FCU’s brand. Ness worked with her partner who took steps to improve the process and provide additional resources to ensure higher-quality results. Another change resulted in the partner designating specific staff members to manage loans.

Overall, Ness says she is very pleased with the support she receives from her partner, especially since it’s not a “standard” relationship within the credit union community, and it also requires a lot of guidance and communication between the parties.

Ness continues to review policies and procedures for the lending program, making improvements when necessary.

Buoyed by the success of the mortgage program, Ness has added student loans and student loan consolidations to her member services. “The rates we offer on student-loan consolidation loans are very competitive,” Ness says. Borrowers “always compare our rates to the rates that big players in the market—like Sofi and Wells Fargo—offer.”

NYU FCU is also planning for growth. Ness said that when the volume of mortgage applications requires more time than her small staff has available, the credit union’s partner has agreed to place employees at NYU FCU to assist borrowers.

Ness said her credit union also has established ties with Realtors through the lending partner. The Realtor program provides a rebate to borrowers.

MEMBER EDUCATION EMPHASIZED

NYU FCU is also a proponent of member education. Ness says the CU offers webinars and other educational support. She also holds seminars and other educational events for homebuyers in each of NYU’s individual schools that comprise the university. She is often assisted by a representative from her lending partner. And she has also invited attorneys, title companies and others involved in the mortgage process to participate.

Educational offerings to members include:

- Positioning yourself to buy a home.
- Understanding closing costs.
- First-time homebuyers.
- Shopping for your first home.

Ness says she received help in developing webinars from NYU’s audio/video Drama and TV School. All of the educational information is listed on the NYU FCU website.

Despite its limited budget, Ness says NYU FCU needs to use marketing to spread the word. Leveraging her member email contacts and a List Serv of NYU employees, she focuses her messages on the CU’s mortgage lending program. And she recently placed an advertisement in NYU’s alumni magazine.

“Our credit union needs to stay involved in mortgage lending as a means of growing our credit union and our fee income in the future,” Ness says. ▲



Mira Ness speaks at the opening of a new space for New York University Federal Credit Union in January 2017. NYU provided the space for free and paid for the half of the expenses for the renovations.

Mira Ness has worked for New York University Federal Credit Union for 11 years. She has resided in the United States for 20 years. Previously, she worked in consumer banking as a Regional Director in Narodnyi Bank in her native Kazakhstan. Ness participated in CUNA’s 2017 Governmental Affairs Conference in a breakout session, which covered operational challenges facing small credit unions. She can be reached via email at mira.ness@nyu.edu.