



A MESSAGE FROM ACUMA BOARD

Anita Domondon

Diversify Investors' Offerings in Secondary Mortgage Program

No doubt you've heard the adage, "Don't put all your eggs in one basket." Essentially it means to hedge your bets (another adage), to invest in a diversity of areas so that if one area lets you down, there are others to pick you up.

That advice can apply to any number of situations in our lives—and it surely finds plenty of applications for mortgage lenders.

Among the applications that can benefit from the advice: a lender's secondary marketing program. To have a strong and robust program, it is important not to limit ourselves to one investor.

Having diverse investor relationships is good business practice. Here are some important advantages such a program can provide:

- **Eliminates dependence on any one investor.** Investors' appetite for

mortgages and their pricing strategies change over time—just like we see from our credit union borrowers. An investor may decide to sit out of the market without giving you advance notice, which by extension, will cause your credit union to be out of the market. Your production will suffer for no other reason than you are no longer competitively priced. By comparison, when you have several investors, you can take advantage of the best pricing

that is available and pass that on to your members. Two basis points here, five basis points there—they can add up quickly.

- **Allows you to offer a broad product line.** By offering more than vanilla products, you can keep the conversation going with your members. Each member has different needs and motivations, so a one-size-fits-all solution can cause you to miss out on lots of business. A member who is adamant about having an interest-only feature may start there but find that it is not in their best interest to delay building equity. A first-time homebuyer with a small down payment may need a government loan in order to get started on the path to homeownership. A piggyback loan may make sense in some cases, while mortgage insurance may be the way to go under other circumstances.
- **Provides alternatives should any one investor runs into serious challenges.** If one of your investors has issues, you can continue business as usual by shifting your loan sales to another investor. You also avoid having to scramble along with other lenders (who put all their eggs in one basket) to find a suitable replacement. In today's environment, the seller approval process can be quite involved and lengthy. Time is money, and the loans you cannot readily sell can end up costing you significant dollars.
- **Lets you test the water selling loans servicing released.** Credit unions are averse to selling the member relationship, but there may be occasions when this may be the only way to assist the member. If so, you will survive the sale. The member will appreciate the fact that you found a solution and will reciprocate with loyalty. The new generation of mortgage investors are non-depository entities, so they are not competing for our members' wallet share. Besides, you can retain the member relationship by having a relevant and consistent member engagement plan in place.
- **Keeps your team sharp and nimble.**



They continually learn new guidelines and processes. And learning is fun! By dealing with a variety of investors, you may discover more efficient and streamlined ways that you can incorporate into your manufacturing processes. In addition, you can assess your ability to originate and close according to industry standards.

- **Opens up networking and learning opportunities.** With a diverse investor program, you will meet colleagues from across the country, each successful in their own unique markets, eager to discuss best practices, exciting innovations and elevating the member experience that is distinctively credit union-flavored.



In today's environment, the seller approval process can be quite involved and lengthy. Time is money, and the loans you cannot readily sell can end up costing you significant dollars.

A robust secondary marketing program that includes diverse investor relationships and a broad product offering is a winning strategy to grow market share and meet your members' needs.



WANT TO LEARN MORE?

Take a deep dive into this and other mortgage lending topics from the credit union perspective. ACUMA will offer its 2018 two-day workshops May 22-23 in Charleston, South Carolina, and June 19-20 in Minneapolis. The program is the same; two locations give you a choice in attendance. Please check the ACUMA website (acuma.org) for detailed information when registration opens in February.



Anita Domondon serves on the ACUMA Board of Directors, which governs the organization. She is the Vice President of Loan Administration at Meriwest Mortgage Company in San Jose, California. The opinions expressed here are those of the author.

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 organization, including events and knowledge shared through our website (www.acuma.org) and our magazine, the *Pipeline*.

Join ACUMA in wishing success to these new members:

CREDIT UNION MEMBERS

- Community Credit Union of South Humboldt County
- Valley First Credit Union
- BlueOx Credit Union
- Ventura County Credit Union
- Workers Credit Union
- Union Square Credit Union
- MidFlorida Credit Union
- USE Credit Union
- ORNL Federal Credit Union
- iQ Credit Union
- University Credit Union (CA)
- United States Senate Credit Union
- Old Hickory Credit Union
- Coloramo Federal Credit Union
- Thrivent Federal Credit Union
- Bellwether Community Credit Union
- Envista Credit Union
- University First Credit Union
- Texas Trust Credit Union
- Logix Federal Credit Union
- eCU Mortgage
- Point Loma Credit Union
- Mortgage Solutions LLC
- Members First Credit Union
- Member Home Loan LLC

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