

Credit Union CLO Addresses Senate Banking Committee

Tim Mislansky, also a CUSO CEO, Discusses Credit Unions' Hopes for a Level Playing Field for Housing Finance

By Tim Mislansky



On July 20, 2017, I had the honor and unique opportunity of testifying in front of the Senate Banking Committee on behalf of the Credit Union National Association (CUNA). The hearing was titled “Housing Finance Reform: Maintaining Access for Small Lenders.”

I’ll admit I was a bit nervous, but the great folks at CUNA helped prepare me to tell the Senate what credit unions needed in a secondary market. A special thanks to Robert Henson, Eli Josph, Phil Drager and Alicia Schmitz from CUNA for all their prep work with me.



Tim Mislansky, of Ohio’s Wright-Patt Credit Union and myCUMortgage CUSO, testifies in 2017 before the U.S. Senate Banking Committee in Washington, D.C.

Photo courtesy of the Credit Union National Association

I was able to share with the Banking Committee members how important a fair and functioning secondary market is to credit unions. It was an amazing experience, and I hope to someday do it again.

If you’re interested, read on to see my testimony or to an Internet search for “Tim Mislansky congressional testimony” to pull up a document or watch the video of the hearing. (I start around minute 32.)

The following are my remarks to the committee:

“Good morning Chairman Crapo, Ranking Member Brown, Members of the Committee.

“Thank you for the opportunity to testify today.

“My name is Tim Mislansky, and I am the Chief Lending Officer for Wright-Patt Credit Union in Beavercreek, Ohio, as well as President of our Credit Union Service Organization, myCUMortgage.

"I am also the Chair of the Credit Union National Association's Housing Subcommittee, on whose behalf I testify today.

"Wright-Patt Credit Union has approximately \$3.6 billion in assets and proudly serves over 330,000 members. We operate primarily in Dayton and Columbus [Ohio], and have the unique perspective of serving the urban core and suburbs of those cities, as well as surrounding rural areas. Last year, we helped over 4,600 families with \$600 million in first mortgages, and an additional 1,300 families with second mortgages, totaling \$55 million.

"Our CUSO, myCUMortgage, provides a variety of mortgage services to nearly 200 credit unions, which range in asset size from \$6 million to \$1 billion and are located in 25 states. Last year, myCUMortgage facilitated nearly 9,000 mortgages for \$1.2 billion, making us one of the largest aggregators of credit union mortgage loans in the country.

CREDIT UNION MARKET SHARE

"As member-owned, not-for-profit financial cooperatives, many credit unions offer mortgages, and we represent an increasingly significant source of mortgage credit nationally. In 2016, credit unions originated over \$140 billion in first mortgages, or 8% of the total market.

"It is clear that consumers are choosing locally-owned and -operated credit unions more and more to be their mortgage lenders, and as Congress considers housing finance reform, it is critical that credit unions have equitable access to a functioning, well-regulated secondary market and a system that will accommodate member-demand for long-term fixed-rate mortgage products.

"Credit unions have been largely portfolio lenders, but with histori-

cally low interest rates and growing market share, credit unions found it increasingly important to sell long-term, fixed-rate mortgages. Without a functioning secondary market, many credit unions would severely limit mortgage lending.

"Servicing loans is also very important to credit unions for a number of reasons. As member-owned cooperatives, we are driven by a desire to provide high-quality member service, and many credit unions are reluctant to sell the core function of servicing to others. This is especially important so that credit unions have the ability to make modifications to keep borrowers in their homes during financial challenges.

"Because of the strength of this servicing relationship at many credit unions, as well as member-focused underwriting standards, the credit quality of credit union first mortgages held up remarkably well during the recent financial crisis, especially when compared to the experience of other lenders, which had net charge-off rates four times higher.

"As we have testified in the past, CUNA supports the creation of an efficient, effective and fair secondary market. To this end, CUNA supports housing finance reform proposals that are consistent with the following principles:

HOUSING REFORM PRINCIPLES

"First, there must be a completely neutral third party independent of any mortgage originating institution,

to ensure that no participant enjoys an unfair advantage and undue influence in the secondary market.

"Second, the secondary market must be open to lenders of all sizes on an eq-

uitable basis, with access and pricing independent of lender volume.

"Next, the entities providing secondary market services must be subject to appropriate regulatory and supervisory oversight.

"The new system must be durable, to ensure mortgage loans will continue to be made to qualified borrowers even in troubled economic times. This will require some kind of explicit, catastrophic federal guarantee funded by appropriate fees, with significant private capital in a first-loss position.

"Any new housing finance system should emphasize consumer education and counseling to ensure that borrowers are able to remain in their homes.

"The housing finance system must provide for predictable, affordable payments to qualified borrowers, including the 30-year fixed-rate mortgage.

"Conforming loan limits should be reasonable, and take into consideration local real estate prices in higher-cost areas.

"Credit unions should have the option to retain or sell the right to service their members' mortgages, regardless of whether that loan is held in portfolio or sold into the secondary market.

"Finally, the transition from the current system must be orderly, to prevent significant disruption to the housing market which would harm homeowners, potential homebuyers, the credit unions who serve them, and the nation's housing market as a whole.

"Thank you again for the opportunity to testify, and I look forward to your questions."

Tim Mislansky is the Senior Vice President and Chief Lending Officer at Dayton, Ohio-based Wright-Patt Credit Union, and President of its wholly owned CUSO, myCUMortgage, LLC. He is also the secretary of the ACUMA Board of Directors. Sign up to follow his blog at mortgagesareamemberlicious.com.



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