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Thinking about starting an indirect lending program? Or looking for ideas to improve an existing one? This report provides actionable information to guide you, including an overview of key steps in the indirect lending process, case studies and a summary of current trends in the auto finance industry. Find out why credit unions participating in indirect lending are seeing higher auto loan growth, especially on new autos loans.

► **Mortgage Lending: A Rough and Tumble Business?**

by [Dan Green](#), Executive Vice President, Prime Alliance Solutions, Inc.



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Mortgage lending - a rough and tumble business? If sudden, drastic changes provide any indication, then perhaps this characterization holds accurate. Lenders, overwhelmed with loans just weeks before, witnessed first-hand just how harsh it can be. According to the Mortgage Bankers Association of America, fourth quarter volume dropped by 50%. If that's not tough enough, the share claimed by refinancing retreated almost 20 points to 49%.

It sounds like a lot of doom and gloom, and, for some lenders, that's precisely it. However, for a band of credit unions in the Northeast, there's more boom than doom thanks to Boston-based Members Mortgage and its unique approach to readying credit unions for the upcoming home-buying season. "New England's credit unions are some of the oldest in the country and enjoy a high degree of member loyalty," said Joe Zampitella, President and CEO of Members Mortgage, Inc. Continuing on, "it's now time for their strength in transaction services and consumer lending to carry through to mortgage lending, the quintessential relationship loan."

For the past two years Members Mortgage has been fortifying credit unions with tools that provide a strategic advantage. MortgageClick, its innovative web-based origination and processing platform, surprises credit unions and members with just how uncomplicated the mortgage process can be. "MortgageClick, powered by Prime Alliance Solutions, isn't a piece of technology or another on-line lending Website, it's a lending philosophy built around the member experience, not lending operations," added Zampitella.

"No one in our community is doing this. No other lender within miles of our credit union takes the member's perspective when it comes to making mortgage loans," said Debra Conrad of Rainbow FCU of Lewiston, ME. Rainbow FCU serves 24,000 members, principally in Androscoggin County. "Our members love MortgageClick. They certainly appreciate the simple application and the fact that they get a loan decision immediately, yet it's more than that," continued Conrad. "Working with Members Mortgage we are able to approve members that previously we may have thought we couldn't help," she added.

Zampitella explains, "Members Mortgage has worked closely with Fannie Mae for over a decade. We share a common objective of helping the highest possible number of members own their homes. Our MortgageClick solution relies on Fannie Mae's extensive loan offerings for credit unions, which includes loans underwritten, using their expanded approval criteria." Conrad has been impressed with the flexibility her credit union now exhibits to help members finance their homes. Since choosing Members Mortgage in 2003, her credit union is gaining a positive reputation as a mortgage provider that approves loans when others can't.

The word is rapidly spreading beyond Rainbow's membership to the realtor community. Working together with the realty community takes on a new meaning this year. A staggering 72% of all mortgage loans originated in 2004 will be for the purchase of a home. From 2002 through 2003 purchase-money lending barely climbed above 40% of lending transactions. "Realtors need lenders they can count on to close loans quickly with a minimal amount of effort," adds Conrad. "Rainbow FCU is one of the only local lenders in our area. We create the best member experience, we have a much more efficient process, and we make decisions locally. No one closes loans faster than we do!" she concluded.

Fantastic member experiences, the kind that make financing homes a non-event, represents a significant competitive advantage. Yet credit unions still face the perception that they are not in the mortgage lending business, a fact reinforced by a study conducted by Prime Alliance and Fannie Mae in the past 18 months. "We're focused on changing this perception," added Zampitella. "It doesn't matter how exceptional a lender your credit union is if members don't know it. That's why we created our on-line marketing portal. Credit unions use the Web site to custom design posters, brochures, and post-cards that deliver the message 'We are lenders.' Consistent and sustained advertising has never been more important, and it's never been easier," concluded Zampitella.