



## STAFF PROFILE

*Bill Crowley*

Loan Officer  
NMLS # 1411571

**What are you most looking forward to doing outside, now that winter is over?**

"Once winter is over I'm excited to head to Cape Cod and spend weekends on the beach. My wife and I are expecting our first child in early June so outdoor time might be a bit limited this year. We'll have to make the most of the time that we'll be able to get outside!"

## FUN "HOLIDAYS"

- 4/7 - National Beer Day
- 4/11 - National Pet Day
- 4/15 - National High Five Day
- 5/4 - Free Comic Book Day
- 5/23 - World Turtle Day
- 6/7 - National Donut Day
- 6/13 - International Axe Throwing Day

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KEEPS ON GIVING: REPORTS!**  
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## INDUSTRY NEWS

### [January Wounds Continue to Heal](#)

The upward climb of the housing market back from the brink is slow but steady  
*Zillow Research*

### [The Results are in: HMDA Insights](#)

HMDA offers unique insights into CU mortgage lending trends  
*CU Times*

### [Online Applications Changing Mortgage Landscape](#)

How technology is changing the face of mortgage lending--digitally.  
*Forbes*

## APRIL

M	Tu	W	Th	F	Sat	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

## MAY

M	Tu	W	Th	F	Sat	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28				

## JUNE

M	Tu	W	Th	F	Sat	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

= Federal holiday



## 59 NPS (Net Promoter Score)

### *What does this actually tell us?*

In general, any positive number constitutes a good Net Promoter Score. Any number above 50 is excellent, and any number above 70 is world-class, going by the official metric. [Learn more about NPS.](#)

### *How is it calculated?*

The Net Promoter calculation calls for us to subtract the percentage of detractors (people who rated 0-6) from the percentage of promoters (people who rated 9-10) and leave out the percentage of neutrals (people who rated 7-8).

*Member feedback is obtained monthly, using a standard customer service survey where members are asked to rank various services provided by Members Mortgage, and given the option to leave a comment. Each member may only rate services/ comment once per loan transaction. Members are identified only by first name to ensure their privacy, and all comments shared are from members who opted to allow the use of their feedback. The comments are preserved in their entirety-- typos and all!*

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"I have used Members Mortgage twice now, once for a refinance and then a purchase of a home. I will never go anywhere else and recommend Members Mortgage to anyone looking into refinancing/ purchasing a home. My loan officers were always available and very quick to respond to messages. The entire process was quick, smooth, and as painless as something complicated like buying a house could be." -- Cassandra P.

"Our LO was great to us, answering every single question politely and quickly. We were first-time buyers, and he was extremely accommodating to all of our needs and questions. We highly recommend Members Mortgage!" -- James K.

"The wealth of knowledge and professionalism to explain some of the language in throughout the mortgage process. They definitely put our anxiety at ease. The LO was extremely friendly and made a wonderful job understanding our needs. Both the appraisal and attorney exhibit a welcoming and friendly approach. They took the time to explain the different steps to follow in the process." -- Rigel L.

"I was very pleased with how quickly things were handled and processed." -- William G.

"I have nothing but PRAISE for Members Mortgage when it comes to getting a mortgage. Easy, Efficient and Fast from start to finish." -- Marc R.

"Bill was a pleasure to work with, already refer my best friend to him." -- Lisa N.

# Spring MARKETING SAMPLES

Looking for a new nest?

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**ANYTOWN  
CREDIT UNION**  
help you finance it!

Call (866) 859-6564  
or go to  
[www.anytown.org](http://www.anytown.org)

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Our mortgage partner is **Members Mortgage Company**  
10 Cedar Street, Unit 11, Woburn MA 01801  
[www.membersmortgage.com](http://www.membersmortgage.com)



NMLS ML#1292 / MA #ML1292, #DC0448  
CT #M3178 / RI #96000619LL / NH #5443-MB  
#41DBO-72710

Let **ANYTOWN** help with your mortgage!  
FEDERAL CREDIT UNION

Found the home of your dreams, but not sure how to make the numbers work? Or maybe you're refinancing your current abode? Let us help! And don't forget-- a pre-approval from a reliable financial institution makes your application stand out in a sale, so don't wait around!

Get pre-qualified for a mortgage Today! Call (866) 859-6564 or go to [www.anytowncu.com](http://www.anytowncu.com)

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Mortgage Lender | NMLS ML#1292 / MA #ML1292, #DC0448  
CT #6249 / ME #SLM3178 / RI #96000619LL / NH #5443-MB  
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EQUAL HOUSING LENDER

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**NCUA**  
EQUAL HOUSING LENDER

It's not too late to order your spring marketing from MMC! Any of these can be made to suit your CU needs-- and we're happy to subsidize the cost!



# INFOCUS:

## *Compliance, Competition and Costs Make Mortgage Lending a Tough Business*

"Come on in – the water's fine," can be an appealing invitation to go for a swim on a hot summer day. As an invitation to dive into the mortgage lending business – not so much. The mortgage waters are much colder than a backyard pool, subject to strong and varying tides, sometimes shark-infested, and for small lenders like credit unions, much harder to navigate.

The biggest challenges are regulatory (you'd be hard-pressed to find a more heavily regulated business) and financial – it costs a lot to originate a mortgage, at least partly (though not entirely), because regulatory compliance is so expensive.

RESPA, HMDA, ATR, QM, TRID – the regulatory alphabet soup is extensive, requiring endless reporting, documentation, disclosures, dotting of I's, and crossing of t's, and creating the ever-present risk that violations, intentional or not, could bring huge fines and lots of bad publicity.

Compliance requires trained staff who know how to color within the regulatory lines, and expensive technology to meet reporting and documentation requirements. In the "old days," before the financial market melt-down generated a torrent of new mortgage regulations, most origination costs were related to marketing and compensation; today, Michael Fratantoni, the chief economist for the Mortgage Bankers Association (MBA), noted recently, "the majority is in back office staff, as more resources are applied to regulatory compliance."

### **A Troubling Trend**

It is no surprise that the National Association of Federal Credit Unions (NAFCU) said in a recent comment letter that it was "troubled by the growing cost of mortgage lending." The cost trend is definitely and disconcertingly upward.

According to the MBA, it cost \$8,174 to originate a loan in the third quarter of last year – that's up from \$8,082 in 2,017, which topped the 2016 average of \$7,209. Richey May, a national accounting firm specializing in mortgage banking, estimates that licensing, Insurance, legal and other expenses related to compliance add about \$590 to the cost of originating each loan. Personnel costs, by far the biggest piece of this pie, averaged about \$5,560 per loan in the third quarter of last year. Marketing, equipment, office space and related expenses make up the rest.

The per-loan origination cost is partly a function of loan volume: As volume increases, the cost per loan declines. The reverse is also true – as volume declines, loan production costs increase. That explains what happened in the first quarter of last year, when the MBA reported that origination costs exceeded per-loan profits for only the second time in the past decade, resulting in a net loss of \$118 per loan.

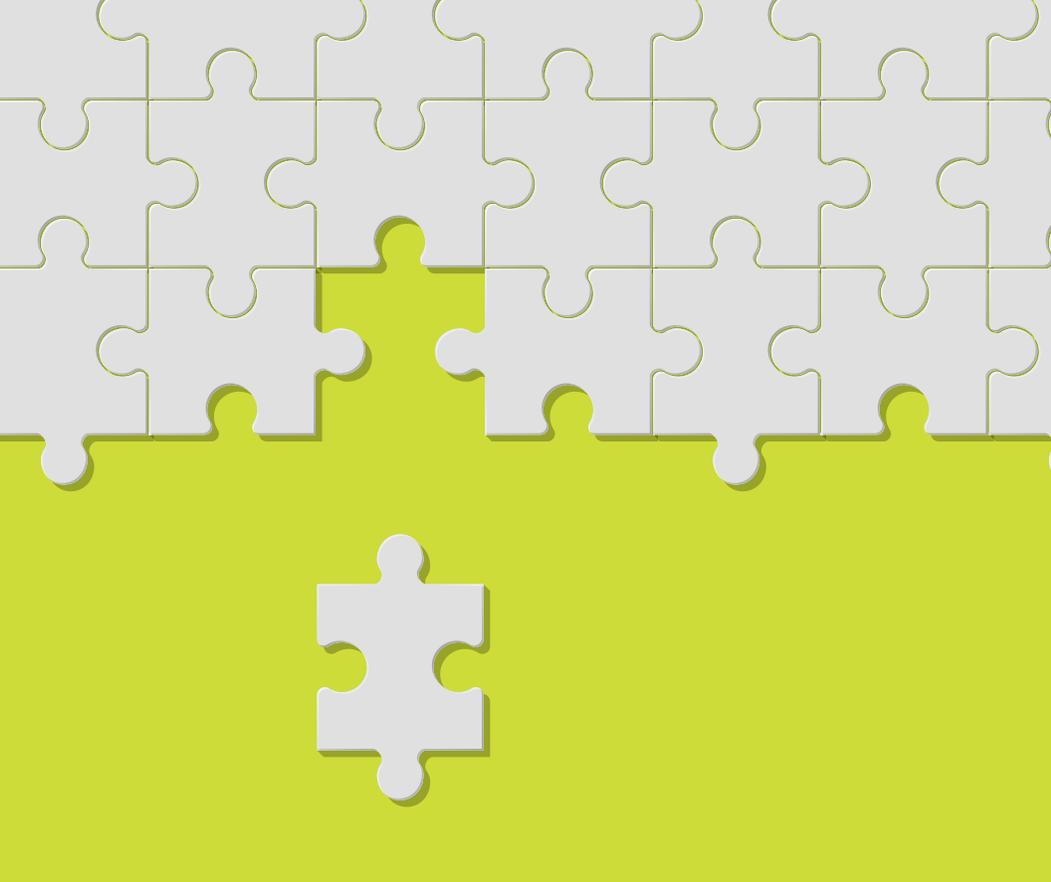
Rising origination costs, declining volume and increasing competition have been squeezing profit margins. The MBA reports that independent mortgage banks and the mortgage subsidiaries of chartered banks netted an average profit of \$711 per loan in 2017, down from \$1,346 the year before. The MBA hasn't yet reported full-year figures for 2018, but the third quarter results weren't very promising: lenders earned \$480 per loan compared with \$580 in the second quarter and a steep drop from \$929 per loan in the third quarter of 2017. The third quarter average for 2018 was the lowest the MBA has reported for this quarter in the past 10 years.

Only 80 percent of the lenders covered in the MBA report posted pre-tax profits last year compared with 94 percent reporting positive results in 2017.

### **Challenging Times**

"These are very challenging times for independent mortgage bankers," Marina Walsh, the MBA's vice president of industry analysis said of these results. She wasn't particularly optimistic about the near-term outlook, predicting that as "fixed costs remain elevated and competitive pressures continue to hamper production revenues, [mortgage profitability] will likely remain challenged."

Wells Fargo reported that its mortgage origination



revenue declined by half in the fourth quarter of last year, as originations fell by nearly 30 percent; JP Morgan reported a 46 percent decline in its mortgage income. There aren't many credit unions that could absorb revenue shifts of that magnitude without considerable pain.

Origination volume ebbs and flows with market conditions and borrower demand, but most origination costs are fixed. You can't cut regulatory corners because loan demand declines; compliance risks are the same regardless of how many loans you originate. You're probably not going to sell 15 percent of your computers if loan demand declines by that amount, and you'll still need the same software, even

if you're originating fewer loans. Marketing expenses may actually increase as competition intensifies in a slowing market.

Staffing costs may be more flexible. In fact, some lenders link their staffing levels directly to market conditions, staffing up when demand increases and downsizing when the market slows. But the massive layoffs that are common at some large mortgage companies are less common and less comfortable at credit unions, where concern for members and employees is part of the corporate DNA.

And layoffs are costly. You lose experienced employees, morale suffers, and when demand recovers, you have to recruit and train employees anew.