2019 JANUARY NEWSLETTER

STAFF PROFILE

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What was your favorite part of the holiday season?

"The best part of my holiday season was getting to experience the season for the first time as a parent. I had fun buying gifts for my newborn daughter (although I also had to unwrap them for her) and seeing her enjoy her new toys. My wife and I also had fun putting her in festive outfits and showing her off with family at parties. We were even lucky enough to get a picture of the family with Santa!"

FUN "HOLIDAYS"

1/3 - Festival of Sleep Day
1/5 - Bird Day
1/20 - Soup Swap Day
2/2 - Day of the Crêpe
2/15 - Gumdrop Day
3/1 - World Compliment Day
3/23 - Puppy Day

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INDUSTRY NEWS

2019 Real Estate Forecast
What to expect, when it seems like everyone's expecting the worst. But maybe it's not all bad?
Forbes

Deploying tech in a down market
It's tough for non-bank lenders to compete in today's mortgage market. What can your CU do to get an edge?
National Mortgage News

Case Study: HomeReady & BECU
Boeing Employees Credit Union (BECU) discusses the advantages HomeReady offers their members.
Fannie Mae

JANUARY

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			

FEBRUARY

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				

MARCH

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

61 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!

Ann P. -- "Efficient!"

Vincent S. -- "So professionally done"

Linda Bruno -- "I am an attorney myself and thoroughly familiar with mortgages and the loan process. Often when things seemingly can't go wrong they do. Members Mortgage and our attorney were caring, careful and competent. It does not get any better than that. Great team to have on my side."

Michael T. -- "Any questions that came up were answered very quickly from the members mortgage team. Everyone was helpful and informative that I dealt with. Peter Rogier as well as my attorney, Donna Wexler always responded to emails and calls within minutes. Thanks for making the loan process easier to understand!"

Nicholas M. -- "Very professional."

Nidhi K. – "Peter was outstanding with answering any questions very quickly."

Lauren B. – "My experience with Members and Joe was great. As a first time home buyer (knowing little about the process), they were very informative, timely and patient. Overall, they made the whole process very easy. I couldn't have asked for a better team."

Theresa M. – "Peter was great at explaining options and listening to what we needed."

Laura R. – "Everything went along very smoothly. They made it a very easy process."

Spring MARKETING SAMPLES

It's never too early to start planning your spring campaign! As always, all designs can be customized to suit your CU colors, programs, logo, and even the pictures can be changed to suit the theme you want for the season!

IN FOCUS:

The gift that keeps on giving: reports!

Even after the end of the year, the reports keep rolling in. It's like the holidays-- only, with data. We've rounded up several for you to round out our summary, beginning with where we are now.

Employment: The hiring pace slowed in November but the unemployment rate held steady at 3.7 percent. Annual wage growth, at 3.1 percent, matched the October rate, which was the strongest in nine years. The report "makes us more confident that 2019 will continue this long expansion from the recession," Chris Rupkey, chief financial economist and managing director at MUFG, told the Wall Street Journal.

Interest rates: Federal Reserve Chairman Jerome Powell and other Fed officials have been signaling their intention to remain on the rate-tightening course they have been following for the past two years. But an increasingly turbulent stock market and a wobbly housing market may be giving them pause. "We need to be attuned to…the possibility that the U.S. economy could look very different in the first quarter, first half of 2019 than it does now," Robert Kaplan, president of the Dallas Fed, told the WSJ recently. "There are times when the smartest thing you can do is turn over a few cards and do nothing," he added.

Business confidence: Although economic conditions remain generally favorable in most of the country, the Federal Reserve's November Beige Book round-up found that business executives are becoming increasingly nervous about the impact of rising interest rates and the Trump Administration's trade policies. the evidence of increasing uncertainty

Consumer confidence: Both the Conference Board and the University of Michigan reported small declines in their confidence indexes in November, fueled by uncertainty about the economic outlook. "Overall, consumers are still quite confident that economic growth will continue at a solid pace into early 2019," Lynn Franco, the Conference Board's director of economic indicators, said in a statement. "However, if expectations soften further in the coming months, the pace of growth is likely to begin moderating." Future concerns don't appear to be affecting current spending, which increased by 0.6 percent in October, the largest monthly gain since March, according to a Commerce Department report.

Housing: Existing home sales declined by 5.1 percent in October compared with the same month last year, their largest year-over year decline in four years, "and there is some feeling that the market could actually go even lower," Lawrence Yun, chief economist for the National Association of Realtors, cautioned. Pending sales for the month declined by 2.6 percent compared with the September index reading, which was revised downward which was revised downward. New home sales, which were expected to rebound from a September dip, fell sharply in October, after the September pace was revised upward. October sales were nearly 12 percent below the year-ago level. Home prices, measured by the Case-Shiller national index, continued to increase, but at a slower pace, "confirm[ing] the slowdown in housing, David Blitzer, managing director and chairman of the index committee at S&P Dow Jones Indices, said in a statement. Separately, Redfin reports that nearly one-third of the homes sold in October sold at prices below their original listings.

Forecasts for 2019: Housing analysts are predicting that the housing market will be challenging for buyers and sellers, as the problems that dampened sales in the latter half of this year – rising rates, shrinking inventories, and economic uncertainty —persist in 2019.

MORTGAGE RATES

An unexpected dip in mortgage rates in December and indications that the Fed may be less gung-ho about its rate-hike policy haven't altered the consensus view that mortgage rates will continue to increase next year. Trulia is predicting that rates will reach a 10-year high, ending the year at close to 6 percent and "taking a bite out of affordability on top of an already supply-constrained and high-priced housing market."

INVENTORY

More new housing is the obvious cure for the market's inventory woes, but analysts aren't expecting builders to ramp up production levels much, if at all, next year. "With the construction industry facing significant headwinds from the higher cost of materials and labor as well as rising interest rates, we do not expect much if any growth in new construction starts in 2019 to help alleviate [the inventory shortage]," Trulia's forecast notes. "And even if inventory begins to pick up in more markets," the report adds, "it will be rising from multi-year lows and will take a long while to get back to a more balanced level between buyers and sellers."

"Inventory will continue to increase next year, but unless there is a major shift in the economic trajectory, we don't expect a buyer's market on the horizon within the next five years," realtor.com Chief Economist Danielle Hale, agrees. Conditions will be particularly difficult for first-time buyers, he predicts, because rising mortgage rates and prices "will keep a lot of the new inventory out of their budget."

Zillow Senior Economist Aaron Terrazas agrees generally with the consensus assessment of prevailing problematic trends but draws a slightly more optimistic conclusion from it. "Certain headwinds – including rising mortgage interest rates, higher rents and stiff competition for housing in the most desirable areas – will only grow stronger over the next year," he suggests, "but that won't necessarily be a bad thing. A "slower-moving market," he believes, will put the brakes on appreciation rates and "give more buyers a chance to catch their breath and choose from a wider selection of homes that fit their preferences and budgets."

We're going to end with his upbeat prediction for the year to come: "2019 looks to be a pivotal year as the market cools and transitions from one marked by robust recovery into one more in line with historic norms and more balanced between buyers, sellers and renters."