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HOW TO WORK WITH REALTORS



FOR MORE CREDIT UNION STRATEGY & PERFORMANCE VISIT

CREDITUNIONS.COM

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HOW TO BUILD A REALTOR NETWORK

Bethpage FCU capitalizes on a pullback by Wells Fargo to build mortgage market share one real estate agent at a time.

BY MARC RAPPORT

Bethpage Federal Credit Union (\$5.9B, Bethpage, NY) saw an opportunity in the real estate market when Wells Fargo began dissolving partnerships with agencies on Long Island. Now, the 260,000-member credit union has loan officers posted in approximately a dozen real estate offices and plans to double that number soon.

Its strategy of putting loan officers in front of real estate agents, hiring seasoned loan officers, aggressively generating and following up on leads, and expanding its relationships with brokers has helped Bethpage become the fourth-largest home lender in its home market and replenish a portfolio waning from a dip in equity lines.

“In the past we were mostly a refinance shop, but our production has now gone from about 85% refinancing to 50-50 purchases and refis,” says Michelle Dean, senior vice president of lending and investment services.

The credit union’s twice-yearly continuing education seminars for real estate agents typically attract 100 agents each, and it makes sure to include relevant panelists, such as real estate agents and closing attorneys, in its seminars for potential homebuyers.

Bethpage recorded \$1.97 billion in first mortgage loans in the first six months of 2014, up 10.54% from one year ago, according to Callahan & Associates. The average for all billion-dollar-plus credit unions in the United States was \$792.4 million for the same period.

Meanwhile, Bethpage handled 4,483 mortgage applications in 2013, compared with 4,489 for Citibank. That gives both a 4.4% share in Suffolk and Nassau counties, according to MortgageAnalyzer data from Callahan. Wells Fargo had 13.3% and JPMorgan Chase had 13.2%.

“About 70% of our purchases come from our outside loan officers, and most of that is from Realtors,” Dean says. “In fact, Realtors now create about 20% of our production.”

The following best practices can help credit unions improve their own real estate agent referrals.

THE PURCHASE PROMISE

No one gets paid until the deal is done. The Purchase Promise is Bethpage’s way of making that happen. Dean also calls it the “5-30”— issue a commitment to the borrower in five days and close the loan in 30 days.

“In our market, the average is more like 60 days, so to have it ready in 30 is really good,” the 19-year Bethpage veteran says.

Dean says the communication among the borrowers, brokers, lawyers, and underwriters is largely how Bethpage keeps the deal moving to consummation.

“The key to our success is the process, building the infrastructure to make all this work, including the people,” she says.

CU QUICK FACTS

**Bethpage Federal
Credit Union**
BETHPAGE, NY

\$5.9B
ASSETS

258,798
MEMBERS

34
BRANCHES

6.34%
12-MO SHARE GROWTH

18.48%
12-MO LOAN GROWTH

“It’s the Realtor who, in most cases, is working with the future home buyer. If you want to build your mortgage business, you need to connect with the Realtors in your communities.”



PAY TO PLAY

Wells Fargo began pulling out of its real estate agent partnerships about three years ago, Dean says, and Bethpage began moving in. The real estate agent offices contractually guarantee Bethpage exclusive on-site presence for six months to a year, and the credit union has snared about 30% of the business generated in those offices as a result.

“You can’t require an agent to use the house financing company, but being present in their office with a reliable representative who has a lot of experience and contacts makes a difference,” Dean says. “It puts us in front of them.”

Most of the agencies are smaller firms that no longer interest Wells Fargo, Dean says. But the credit union is close to inking a deal with a larger agency that tried the credit union in two of its offices and liked what it saw enough to add 10 more to the pact.

That’s a drop in the bucket in one of America’s largest housing markets where thousands of agents and agencies vie for the business.

“We haven’t even scratched the surface,” Dean says.

According to Dean, Bethpage considered owning its own agency, but the market — which is dominated by small communities where homes are primarily sold through local listings — didn’t lend itself to that strategy. But setting up shop inside agencies that serve those towns does.

MORE LOAN OFFICERS, MORE BROKER BUSINESS

Bethpage employs approximately 30 loan officers in real estate agencies and scattered among its own 29 branches.

“They come to us with their own centers of influence,” Dean says of the loan officers on board and those to be hired. “They’ve been in business for years, including some from real estate offices, and they bring their leads and their contacts.”

The credit union is also building its broker channel through three account executives that call on brokers for deals to underwrite.

“About 10% of our business has been in that channel,” Dean says. “Next year we expect it to be 20%.”

A NOD FROM THE NAR

According to Dean, Bethpage has built a strong brand through community sponsorships like a popular air show and baseball park as well as through its rates, terms, and home ownership products.

“Now we’re building these new relationships with Realtors,” she adds.

The head man at the nation’s largest real estate organization says that’s a good idea.

“It’s the Realtor who, in most cases, is working with the future home buyer,” says Steve Brown, president of the National Association of Realtors. “If you want to build your mortgage business, you need to connect with the Realtors in your communities.”

Brown, co-owner of a Dayton, OH, agency with six offices and 300 agents, advises credit unions to help real estate agents understand the difference between a credit union and a bank.

For example, partnerships like Bethpage is developing are built on a common goal to help a prospective homeowner buy a property, he says.

“It’s a partnership built on serving the community in which you both work.” 🤝

GRAB THE ATTENTION OF YOUR LOCAL REAL ESTATE AGENTS

Ent uses its realtor education classes to boost its awareness in its local community.

BY ERIK PAYNE

A real estate agent's backing can be a powerful thing. And although creating and maintaining relationships with agents can be challenging, it doesn't have to be. The first step lies in building awareness and becoming a go-to lender.

To improve its awareness among local real estate professionals, Ent Federal Credit Union (\$4.1B, Colorado Springs, CO) tied awareness efforts into education classes for agents.

AN OPPORTUNITY IN A REQUIREMENT

To maintain a license, real estate agents must complete a certain number of continuing education hours per year. Their knowledge base must include technical, promotional, and financial aspects of real estate. However, even with continuing education, it is possible to lack the understanding of the minutiae of the mortgage process or even basic financial concepts. Steve Brown, president of the National Association of Realtors, wagered that one in 10 real estate agents doesn't know what a basis point is.

To fill this knowledge gap, Ent started hosting a series of real estate agent education classes in January 2014. Because it does not rely on the assistance of a partner title company, it has established itself as a local subject expert.

January 10 marked the effective date for the implementation of Regulation Z of the Truth In Lending Act. Five days later, the credit union held "The New Mortgage Rules: What Every Realtor Needs to Know," which detailed the Ability-to-Repay Rule and Qualified Mortgage requirements as well as lesser-known parts to the legislation. The class attracted 66 real estate agents and explained the regulation to audience members that might not have understood how their business would change.

"The more you can prepare your buyers with what to expect during the financing process, the easier it will be for everyone," says Jon Paukovich, vice president of mortgage lending at Ent.

In June, Ent offered a class titled "Home Staging: Professional Tips That Sell Homes." Despite the fact neither this class nor the new mortgage rules session carried a Continuing Realtor Education (CRE) certification, Ent hosted 30 real estate agents that wanted to learn about the intricacies of staging homes.

In August, 20 real estate agents attended Ent's third class, "Mortgage Insurance 101: What You & Your Clients Need To Know." For this session, Ent partnered with a mortgage insurance company that had previously offered certification classes and was therefore able to offer CRE certification.

CU QUICK FACTS

**Ent Federal
Credit Union**
COLORADO SPRINGS, CO

\$4.1B
ASSETS

250,044
MEMBERS

29
BRANCHES

5.18%
12-MO SHARE GROWTH

21.82%
12-MO LOAN GROWTH

“The more you can prepare your buyers with what to expect during the financing process, the easier it will be for everyone.”



Moving forward, Paukovich and Nancy Lonergan, mortgage lending marketing manager, will work with the Colorado Department of Regulatory Agencies to certify Ent’s classes. This will provide the most value to both agents and the credit union.

Ent’s next class, “Mortgage Loans: What You & Your Buyers Need to Know,” is scheduled for mid-November.

According to Paukovich, Ent would like to offer classes on a quarterly schedule, internal bandwidth permitting.

CLASSROOM BASICS

Ent uses its own employees as subject-matter experts when possible. For example, Paukovich and Ent’s director of mortgage lending led the January class. The credit union often decides which topics to present after consulting post-event evaluations, which allows it to offer classes the agents find interesting and helpful.

When the credit union does not have the internal expertise, it will bring in external speakers who trade a speaking fee for the marketing potential — such was the case when Ent brought in a professional home stager.

Ent hosts the sessions at its headquarters in a room that seats approximately 60 people. A big screen projector and speakers guarantee attendees can hear the presentations, which generally run 60 to 90 minutes with refreshment breaks built in. Strategies like these help keep the majority of the costs to marketing mailers and refreshments.

AWARENESS AND BEST PRACTICES

To maintain this level of agent attendance, Ent blitzes its marketing channels several weeks before its scheduled class. In addition to Internet media such as Facebook, Twitter, and its website, the credit union’s marketing team sends out mailings to its local Pikes Peak Association of Realtors while its mortgage loan officers contact real estate agents directly with information on the upcoming class.

The classes educate the local real estate agent population about not only Ent as a financial institution but also ways to improve their business. And the credit union has anecdotal evidence these classes are benefiting its balance sheet and bringing in new members.

Paukovich admits it’s difficult to track an exact dollar amount these classes have brought to the credit union in new loans, but he has seen new relationships form.

“I don’t have any hard numbers,” he says. “But we do have tangible evidence of loans we’ve received from real estate agents who have attended our seminars.”

As far lessons learned, the credit union recognized after the first class that the lengths of the classes were an important variable. The January class on Regulation Z was two hours, too long, Paukovich thinks, for a class with dense material.

Paukovich also suggests maintaining constant visibility in the community rather than relying on advertising several weeks prior to the event. To that end, Ent sustains a relationship with its local Home Buyers Association as well as the Pikes Peak Association of Realtors. Also, Paukovich writes a monthly article for the Colorado Springs Real Estate Journal on various mortgage topics. All this together cements Ent’s status in the community as a subject-matter expert.

Finally, Ent found that collating a presentation packet for agent attendees improved the value of the class. These packets contain the slide deck for the presentation as well as a pen for notes and pertinent information about the topic, such as institutional loan programs or reprints of Paukovich’s articles.

According to Lonergan, offering actionable and relevant content gives agents that extra incentive to attend.

“The real estate agents understand this is information they can actually use to help them be more successful in their profession,” Lonergan says. 🧠

6 WAYS TO BECOME A REALTOR'S GO-TO LENDER

Insight from real estate agents on how to foster closer ties with realtors.

BY CATHERINE SISKOS

When it comes to closing deals, real estate agents are a risk-averse bunch. They would rather steer a homebuyer who is ambivalent about the choice of lender to an institution they've worked with before that can deliver a smooth settlement.

"You don't want to risk working with an unknown lender who might drop the ball," says Mark Ross, a realtor with Charles Rutenberg Realty in Clearwater, FL, who has been referring clients to GTE Financial Credit Union (\$1.7B, Tampa, FL) since 2009. "I send them business all the time. They're my go-to lender."

Becoming a realtor's go-to lender can be a challenge because of the misconceptions realtors typically have about cooperatives. Many agents believe credit unions have fewer products and more stringent guidelines than banks, says Tina Cheung, a realtor with RE/MAX Realty Centre in Olney, MD. Some agents don't even realize credit unions offer mortgages, adds Ross.

Those impressions can make it difficult to land on an agent's radar, but once credit unions do, they stand an excellent chance of getting referrals. Because agents value old-fashioned customer service over impersonal financial institutions, credit unions don't need to be large to attract realtors, who had these tips for cultivating relationships with agents.

CO-HOST MEET AND GREETs

Agents typically hold weekly meetings at the office, sometimes with guest speakers. Those meetings present the perfect opportunity for an enterprising credit union to introduce the loan products it offers to local agents. Ross suggests that a loan officer does the presentation so agents can meet the person they would be referring clients to for mortgages. The more specific details the loan officer can provide about products the better. Mortgage products that help buyers who have difficulty qualifying for conventional financing especially stick in agents' minds.

Co-hosting first-time homebuyer seminars with agencies are another opportunity. Cheung works with half a dozen credit unions, including FedFinancial (\$73.6M, Rockville, MD) and Tower (\$2.7B, Laurel, MD), which periodically have an agent and a loan officer together at a branch to take questions from members who want to buy a home. These Q&A sessions may be weekly, monthly, or as infrequently as twice a year. Credit unions can also send a loan officer to seminars that agencies host for prospective buyers.

BE ACCESSIBLE AND RESPOND QUICKLY

Realtors can't abide financial institutions that put them in voice mail jail every time an agent has a question. Often, those questions require quick responses to resolve problems with a borrower or determine how well a preapproved buyer has been vetted. Ross prefers to work with GTE because of easy access to loan officers.

“You have buyers trying to get the power on in their name and sellers scheduling the movers. It’s so much easier for everyone to get things done when they know in advance that settlement will take place, and the realtor can be working on other stuff.”



“I can send a text, email, or a phone call, and within 15 minutes, I get a reply,” he says.

That response time can make all the difference when there are multiple offers on a home, Cheung adds. “If a seller wants to know how rock solid a preapproval letter is and there’s no one on the other end of the phone to answer the question, that member’s offer, which was on the top of the pile, now falls further down, and the credit union doesn’t get the loan.”

DELIVER WHEN NO ONE ELSE WILL

It’s one thing to get on an agent’s radar and another to stay on it. But one thing definitely gets a credit union noticed — coming through on a deal when other institutions can’t.

Ross often refers his clients to GTE Financial because of its 30-day process from application to settlement. Other lenders, especially the big banks, typically need 45 days, which is too long for a client who needs to settle quickly, he says.

Sometimes just making the loan generates loyalty from agent and client alike. Cheung represented a buyer with excellent credit who couldn’t get financing for a condo because it had a higher delinquency rate than lenders preferred.

“She had exhausted all the different avenues,” says Cheung, whose client wasn’t a credit union member at the time. “I called my credit unions and one of them came through with the loan. She’s going to be a member for life.”

KEEP AGENTS IN THE LOOP

Every agent understands that deals occasionally fall apart because of unforeseen circumstances. What gets an agent’s goat, however, is when lenders don’t alert them to problems that have the potential to derail a settlement.

“The best loan officers stay in contact with the realtor so that if something does pop up right before closing and there’s been good communication all along, the realtor doesn’t think, ‘wow, what have you guys been doing all this time?’” Ross says.

REDUCE CLOSING UNCERTAINTY

The biggest question mark surrounding most real estate transactions is often whether settlement will take place on a given date. GTE Financial removes that uncertainty by guaranteeing all closing documents will be ready five days before settlement. That guarantee isn’t just a relief for Ross but also lets his buyers and sellers sleep easier, too.

“You have buyers trying to get the power on in their name and sellers scheduling the movers,” Ross says. “It’s so much easier for everyone to get things done when they know in advance that settlement will take place, and the realtor can be working on other stuff.”

BUY YOUR OWN AGENCY

Traditionally, credit union service organizations such as CU Realty, which Cheung is affiliated with, are how cooperatives have connected with realtors and sent business each other’s way. But two years ago, TDECU (\$2.5B, Lake Jackson, TX) went one step further and bought the No. 1 independent real estate agency in its community. Since then, that agency — now TDECU Realty — has doubled sales and agent commissions, says its president Ed Birdsong, who also used to own the agency when it was Birdsong Realty.

For agents like Shane McGehee, who stayed on after the acquisition, the close connection with the credit union has made his job much easier. The agency’s support staff more than doubled to five people for the same number of agents — 11 — as before, freeing McGehee to spend more time with clients and less on paperwork. Soon, he’ll be able to track a client’s settlement closely through shared networks with TDECU, but the real boon has been direct access to funding, particularly when settlements end late in the day.

“I had a closing on Friday that started at four and finished at eight,” McGehee says. “Everybody stayed late for us, and we funded at night.”

That’s not the only way he can count on TDECU, which also owns a title company. In a crunch, the credit union can go from application to settlement in as little as 10 days.

“We don’t pull that silver bullet out every day,” Birdsong says. “But when we need it, we know TDECU will jump through hoops for us.”

4 STATES; 4 REALTOR ASSOCIATIONS; 4 QUESTIONS

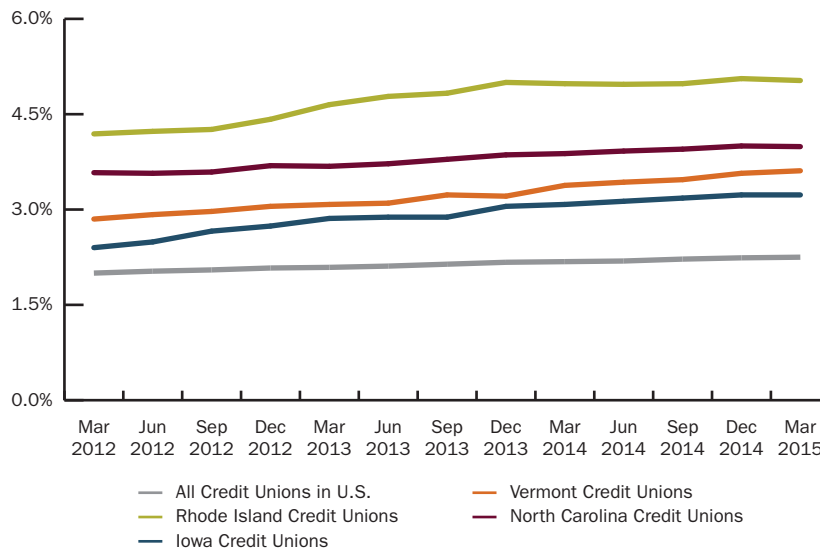
Four realtor associations from states with the highest credit union mortgage market share offer advice on how to build credit union-Realtor relationships.

BY REBECCA WESSLER

Credit unions captured a near-record-high portion of the mortgage market as of first quarter 2015 — 8.4%. What’s more, only 38.6% of the mortgages the industry originated as of March 31 were refis. This flies in the face of the common belief that credit unions are better at capturing refinance business than purchase money mortgages.

Here, four agents from Vermont, Iowa, Rhode Island, and North Carolina provide tips and predictions for 2015.

1ST MORTGAGE PENETRATION



All Graphs Generated by Callahan & Associates' Peer-to-Peer Software 

“Reach out to the selling agents and ask if they were happy with the experience.”

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WHAT IS THE REAL ESTATE MARKET LIKE IN NORTH CAROLINA?

TONY SMITH: It is stable, but we’re still in recovery mode. We had an uptick in spring and early summer, and the major metro areas like Raleigh, Charlotte, Greensboro, and Winston-Salem have had times we’ve said are good. It’s still a little shaky in some of the resort areas like the mountains and the coasts, but in general, North Carolina is stable and will continue to improve.

WHAT IS YOUR OUTLOOK FOR THE MARKET IN 2015?

TS: I’m optimistic. Some first-time homebuyers have left the market because of lack of inventory and possibly financing, but there’s also an uptick in building permits and new housing starts. If unemployment tracks down and if interest rates hold, then I think we can have a better year in 2015 than this year. The stars have to align, but I’m optimistic about it.

HOW VISIBLE ARE CREDIT UNIONS AS MORTGAGE LENDERS IN THE MARKET?

TS: The credit unions are vocal. If you are a seasoned real estate agent, you know the credit unions in the Charlotte metro area. If a client says they are working with a credit union, I say excellent. The work to get to the closing table doesn’t seem as complicated with credit unions because of the relationships they have with the buyer. Credit unions are an untapped resource and we don’t use them like we should.

However, I think buyers don’t understand that in some cases they don’t have to be a member of a certain group to be a member of the credit union.

HOW CAN CREDIT UNIONS BETTER WORK WITH REAL ESTATE AGENTS IN THEIR AREA?

TS: I hear from three or four lenders a week. Credit unions, from a marketing standpoint, are not that visible. They could have better marketing and let consumers know they can be a member, especially if they don’t have to be a teacher or government employee or whatever.

It is just as important to market to real estate agents. We tend to find people we like who give us good service, and we go back to those people. But I give people an opportunity. If a transaction goes smooth when I am the listing agent, I note that. So reach out to the selling agents and ask if they were happy with the experience. It’s just good old sales and marketing.



NORTH CAROLINA

Tony Smith

President elect, North Carolina
Association of Realtors





RHODE ISLAND
Robert L. Martin
President, Rhode Island
Association of Realtors

“My experience with the credit unions is they are 9-to-5ers. Even the large banks have done away with that.”



WHAT IS THE REAL ESTATE MARKET LIKE IN RHODE ISLAND?

ROBERT MARTIN: It's static. The quarterly and year-end median for volume and price are within five points of this time last year. Year-to-date sales are in line with this time last year. Overall, it's an improvement over 2011 and 2012, but the past couple of years have leveled off.

There's more consumer confidence, but lenders are a problem at times. Lenders tightened credit in 2007 and 2008 because after the bubble burst they had to buy back a lot of mortgages and now they're being more cautious. Credit isn't tighter since last year, but lenders are more restrictive than they were seven or eight years ago.

WHAT IS YOUR OUTLOOK FOR THE MARKET IN 2015?

RM: I expect to see more sales and a modest increase in prices in Rhode Island. We have 7.6% unemployment, which is the third highest in the country, but that's down from 10% three months ago. So overall, we're adding jobs and the economy has strengthened. There is pent-up demand from people who have put off a purchase. People realize they've missed the very bottom — the lowest prices at the lowest rates — but they might as well get into the system while it's still very affordable. There's more upside pressure than downside pressure.

HOW VISIBLE ARE CREDIT UNIONS AS MORTGAGE LENDERS IN THE MARKET?

RM: We have two or three that are very active, particularly one in northern Rhode Island. Credit unions are a good alternative and a viable part of the marketplace. We like dealing with them, particularly for nonconforming mortgages, because they are easy to work with. We can speak with a human being and if there are compensating factors, they'll say 'it's not sellable, but we'll look at it.' It might be a round peg in a square hole, but if it's a good mortgage, they'll make it.

HOW CAN CREDIT UNIONS BETTER WORK WITH REAL ESTATE AGENTS IN THEIR AREA?

RM: Even locally where we have good relationships, the credit unions in general haven't adapted to the flexibility that other lenders have. For example, we deal with a mortgage broker whose attorney more often than not will come to my office and close and not insist we go to the attorney's office. And originators or application takers set up after-hours appointments. Probably three nights a week I have an originator here at 7 p.m. or I pick up paperwork on a Saturday morning. That's where I find credit unions to be inflexible. My experience with the credit unions is they are 9-to-5ers. Even the large banks have done away with that.

Also, credit unions could do more volume if they went out to the community more. I've never in 30 years had a credit union person come to my office and say, 'we're in the mortgage business and here's what we can do with rates.' You might see flyers and television commercials, but they don't reach out.

“The real estate game is all about relationships,
buyers-to-realtors and realtors-to-lenders.
Look at us like we’re the customer.”



WHAT IS THE REAL ESTATE MARKET LIKE IN IOWA?

KATHY MILLER: We are up for the year in sales.

WHAT IS YOUR OUTLOOK FOR THE MARKET IN 2015?

KM: I think we’ll see our market continue to rise and get back to where it was in 2008 when we had the downfall in the housing market. But it’s slow progress. In some parts of the state the market is softer than in others. In Sioux City, where I am, sales have been lower but prices have been fine. Des Moines is continuing to grow and building is good. It’s the same in the Davenport area. Those are three markets that represent the northwest, middle, and east side Iowa.

HOW VISIBLE ARE CREDIT UNIONS AS MORTGAGE LENDERS IN THE MARKET?

KM: We’ve got several credit unions that stand out in the Sioux City market. They’re on top of everything, and they have good rates. Sometimes they can be more flexible than the banks. For example, if you’ve got an A buyer versus an A+ buyer and bank turns down the A buyer, the credit union can still do that loan.

The credit unions offer a lot of the same types of products as banks, which is a good thing, but they also offer some in-house products that are a good option if you have a buyer that can’t go into the secondary market.

They do a good job of reaching out in Sioux City and not just during a holiday season or what have you. They contact us every few months and ask, ‘what can we do for you, what’s working, what can we do differently?’

HOW CAN CREDIT UNIONS BETTER WORK WITH REAL ESTATE AGENTS IN THEIR AREA?

KM: I think like everything else in real estate, you have to touch people one way or another. Don’t just send a note in the mail; call up your local realtor estate agents. Take them a bagel once in a while or a cup of coffee. It doesn’t have to be much. The real estate game is all about relationships, buyers-to-realtors and realtors-to-lenders. Look at us like we’re the customer.



IOWA
Kathy Miller
President, Iowa
Association of Realtors





VERMONT
Isaac Chavez
CEO, Vermont Realtors

“One way to solidify a partnership is to invest some marketing dollars to sponsor the state realtor conference. State associations are the gatekeepers for the agents.”

”

WHAT IS THE REAL ESTATE MARKET LIKE IN VERMONT?

ISAAC CHAVEZ: If you want to do a simple year over-year-comparison, September 2014 compared to September 2013, we were up 3.4% in closed sales. That’s a decent increase over a year ago. We have more deals going through. The median sales price dropped 2.8% YOY in September.

We don’t have the same kind of swings in Vermont because we are so small, so our real estate market stays relatively stable. We don’t have increases or decreases of 10-15% very often. We were hit during the downturn, of course, but have been recovering over the past two years and the market is picking up in categories like sales, inventory, affordability, and days on market.

WHAT IS YOUR OUTLOOK FOR THE MARKET IN 2015?

IC: I’m cautiously optimistic. Overall, the housing market is doing great. But property taxes and government-mandated costs prevent the housing market from completely recovering.

Vermont has the third largest property tax behind New York and New Jersey. Our property tax went up 10% this year and it is forecasted that that will happen again next year. This has a negative effect on first-time homebuyers because taxes are pricing first-time homebuyers out of the market. They get approved for \$150,000 for a starter home, but when they find one, property taxes almost double the monthly payment and the house isn’t affordable anymore. They’re buying power shrinks dramatically. So young buyers give up and rent or stay with parents. This is no longer anecdotal. We see it over and over, that’s why we decided to step in. As an association, we’re trying to reform the property tax system.

HOW VISIBLE ARE CREDIT UNIONS AS MORTGAGE LENDERS IN THE MARKET?

IC: Very visible. There are only 700,000 people in the whole state, and because it’s a small state, the credit unions have a huge presence. I don’t see banks like Wells Fargo, Citibank, or Chase here. We have local banks, regional banks, and credit unions. Vermont State Employees is everywhere and all residents of the state can join; North Country FCU is a big one, too.

Credit unions have started offering green mortgages to capitalize on what it means to be from Vermont. In Vermont, everything is about the environment and being green. It’s all about organic lifestyle and sustainability. It’s a big deal if you offer green mortgages because people are doing what they can to make their houses more energy efficient. That gives the credit unions a leg up on traditional banks.

HOW CAN CREDIT UNIONS BETTER WORK WITH REAL ESTATE AGENTS IN THEIR AREA?

IC: The credit unions in Vermont are visible and offer products for buyers, but I wouldn’t say they’ve gone out their way to develop relationships with the real estate associations. We have conferences and symposiums every year and in the past three years as CEO, I haven’t been able to get a credit union to sign up as a sponsor.

One way to solidify a partnership is to invest some marketing dollars to sponsor the state realtor conference. It shows realtors the credit union cares enough to have a presence so it must know what it’s doing and the state association must think highly enough of the credit union to have it be a sponsor. State associations are the gatekeepers for the agents. Credit unions can reach a lot more people if they work through the state associations. It’s not cheap. Credit unions have to make a conscious decision to set aside the money to reach the realtors, but they get a return from it and further their reach.

It also doesn’t hurt to offer incentives like a realtor appreciation week or go to a realtor meeting and hand out knickknacks. Real estate agents love free food and stuff like that. Set aside a day where they can come to the credit union for free hot dogs and to meet the branch managers. Those things go long way in building rapport. ☺

HOW TO RELATE TO REALTORS

Kevin Carter, a realtor who has successfully worked with credit unions, shares specific traits he looks for in lending partners.

BY KEVIN CARTER



When I think about tips to help credit unions strengthen real estate agent relationships, three questions come to mind: How can credit unions form relationships with

real estate agents; what do real estate agents look for in a lending partner; and what are the signs you have found a good real estate agent partner?

HOW DO YOU STRENGTHEN A RELATIONSHIP WITH A REAL ESTATE AGENT?

First of all, understand the real estate agent relationship revolves around trust. There are timelines and contracts for things like appraisals and finance contingencies. I'm looking for a partner I can rely on to give me updates. Then, I can inform my clients and/or the listing agent in the transaction and my client and I can move forward. Credit unions I interact with should understand if I call and ask for an approval letter, then I've probably just written an offer for a purchaser and I want to present that full approval letter with the offer. So trusting the real estate agent is important.

Events — such as brokers' opens, which are the Tuesday luncheons Realtors hold for one another — are a great way to form trust, too. Credit unions can sponsor these events. When I send a flyer to 10,000 real estate agents, it says, "Sponsored by ... " with the name of the credit union. That's a great way to get face time and also show your commitment to the real estate community. If a brokers' open is too big of an investment, perhaps you could invite your local real estate agent group into your office. Have a breakfast meeting, have coffee, have a lunch meeting — whatever. As you

get to know them, you'll form relationships. For the past six years, I've form the best relationships I can with the credit unions.

Referrals are another important relationship-builder. I have great relationships already, but I always try to make this clear: If you send me a referral, I will try to reciprocate.

The majority of real estate agents out there are honest and trustworthy, and you will get that reciprocal referral back. You'll see your percentage of loans increasing compared to what you've preapproved as the relationship gets stronger.

WHAT DO REAL ESTATE AGENTS LOOK FOR IN A LENDING PARTNER?

First, because of the state of the mortgage industry since 2007, real estate agents are looking for a direct lender. When I present an offer to another real estate agent, I want

“Clear communication is the foundation of a successful relationship.”

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to have a letter attached to the offer that's from a local direct lender. I can pitch the local servicing as a benefit. Having the lender based in town is a huge benefit because all of the underwriting, processing, and closing can be done in one office. Part of what makes that attractive is the fact that if I have a question, I can walk into the office or make a quick phone call.

I also know who to reach out to. I know who the processors are, I know who the underwriters are, and I know who the closers are. I don't like to call Charlotte, NC, and

speak to someone I don't know. From a real estate agent's perspective, we like the local direct lenders and we know many of the direct lenders are credit unions.

HOW DO YOU KNOW IF YOU'VE FOUND A GOOD RELATIONSHIP?

Consider the parameters. When you refer a real estate agent, are they calling you back or sending you a quick email of what the status is? If so, that's great. Clear communication is the foundation of a successful relationship. When a credit union contacts me, I can generally give them some quick insight. Usually off the top of my head I can say: They're active and they're close to making an offer.

You want to have an open line of communication. It's about courtesy and respect. The ability to answer underwriting questions is another benefit and helps build the overall relationship.

I've heard many stories about real estate agents being demanding or berating loan officers. That's definitely not the kind of person you want in your real estate program as a long-term partner. You want someone who can work with you, someone you like. You get to know their personalities. These relationships often turn into social ones, even if they don't start as social. If they start as business, it'll probably turn into a social relationship simply as a result of the amount of business you're doing with these real estate agents.

The bottom line is that a credit union's relationships with real estate agents can benefit the credit union, the agents, and the member. Just make sure you pick the right partner, handle it professionally, and give as much as you get. 🤝

TOP 3 TRID TALKING POINTS WITH REAL ESTATE AGENTS

Communication with real estate partners and with members will make disclosure changes less of a barrier to getting a home purchase closed.

BY MGIC – MORTGAGE GUARANTY INSURANCE CORPORATION

It has been announced. Proposed. Debated. Postponed and proposed again. There have been numerous seminars and as many webinars, and probably a prayer meeting or two. But in the end, one thing remains clear: TRID is coming!

The TILA-RESPA Integrated Disclosure rule, more commonly known as TRID, goes into effect Oct. 3, 2015.

You knew that. Your real estate referral partners probably knew that, too. However, TRID is a perfect topic for you to present to real estate agents to highlight the difference working with a credit union can make. Here are three message points to tackle when you're talking TRID to those professionals.

1. WHAT A PRE-APPROVAL IS IN A TRID WORLD

The Consumer Financial Protection Bureau has made some aspects of TRID crystal clear. When we have six specific pieces of information — name, Social Security number, estimated property value, loan amount, income and property address — we officially have a loan application. That means the three-day Loan Estimate (LE) clock is ticking.

We also know that creditors can't charge any fees to the borrower (other than a reasonable fee for obtaining a credit report) until the borrower receives the LE and indicates a desire to proceed. This is also pretty clear.

Additionally, creditors cannot require the borrower to provide any documentation verifying income related to the application prior to issuing the LE. Clear? Yes.

And yet, TRID is not clear. At least not when it comes to pre-approvals.

If the borrower applies for a pre-approval and does not provide a property address, we are missing one of the six pieces of information that trigger an LE. That means no three-day time clock is ticking.

So, in this instance, could creditors require documentation to verify income in order to issue a pre-approval? Can they consider pre-approvals separately from the loan application and not part of TRID rules? Or is a pre-approval "related to the application," meaning creditors would not be able to require documentation prior to issuing an LE?

This is not a clear-cut issue. There are varying opinions regarding how pre-approvals will be handled moving forward. However you and your credit union decide to handle preapprovals is certainly a policy you will want to make your real estate referral partners aware of.

2. TRID IS NOT A MORTGAGE ISSUE

Because TRID is integrating mortgage disclosures such as TILA, RESPA, and HUD-1 into new forms, many mistakenly believe it is merely a mortgage-related issue. It isn't. It will affect all of us who make our living helping people buy homes.

TRID sets in place new rules with new waiting periods that will impact closing dates. We don't need to paint doomsday scenarios regarding deadlines; however, the possibility of adding days to closing is real and one you should discuss with your real estate referral partners.

3. COMMUNICATION IS KEY

The top two reasons a real estate agent recommends a lender are 1) solid pre-approvals and 2) good communication throughout the process. We have already discussed TRID as it relates to preapprovals. As for communication, this should be welcome news for most credit unions, where you already excel at communicating with your members and helping them with exceptional service.

Bottom line, the key to avoiding TRID delays will be clear communication from the start. It only makes sense that your members would start the process with you, their local credit union. That's a fact worth driving home with your real estate referral partners.

You can get the conversation started with real estate professionals by downloading our ['Explaining TRID to Real Estate Agents'](#) slide deck. 📄



Here's an easy way to explain TRID to Real Estate Agents

Use the expertly prepared presentation provided by MGIC.

You don't have to be an expert in all things TRID to explain how it's going to impact the real estate business in upcoming months.

We have created a ready-to-use presentation designed specifically for a real estate agent audience. This 30-minute PowerPoint presentation comes complete with notes. It's a high-level overview of the upcoming changes, including a look at how closing timelines will change after the TRID rules take effect.

More information at MGIC.com/TRIDdeck-CA

Plain Talk: Looking for a simple way to explain TRID to realtors? Contact your local MGIC account manager for more information, www.mgic.com/directory, or go to MGIC.com/TRIDdeck-CA

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