

Lessons Learned by US Credit Unions in Mortgage Lending

A background briefing paper

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By Mark Condon and Ralph Swoboda

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About the authors

Mark Condon has more than 38 years of experience in credit unions, having served until his retirement in 2013 as the senior executive of business publishing and market research for the Credit Union National Association (CUNA), the principal trade body for US credit unions. In addition to his responsibility for CUNA's print, online publications and survey reports, he was frequently a featured speaker at conferences and on webinars presenting key trends and developments in the consumer and financial markets, including mortgage lending.

Ralph Swoboda has served in many roles in the international credit union movement over the past 45 years. Pertinent to this paper, he was General Counsel and then President/CEO of CUNA during the period 1976 to 1994 when mortgage lending took off for US credit unions. He was a founder and later Board Chair of CUNA Mortgage Corporation, represented credit unions to legislators, regulators and the mortgage industry, and was personally involved in many of the events described in this paper.

Contact: Ralph Swoboda, Chair, CFCFE, ralphswoboda@cfcfe.eu
 Mark Condon, markcondon1952@gmail.com
 www.cfcfe.eu

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Introduction and summary

A number of the larger credit unions in Ireland and Britain are exploring the potential for becoming significant providers of home mortgages. The immediate driver of that interest is the pressing need for them to grow their member lending to assure long-term sustainability. But many credit union leaders also see mortgage finance as a key component of a modernised credit union business model.¹

US credit unions went through a similar process after 1978, when most of them first acquired the legal and regulatory authority to offer 30-year home mortgages on a substantial scale. This briefing paper describes their journey since and the lessons they learned along the way. Today, home mortgages account for nearly 50% of US credit union lending, and credit unions originate 1 out of every 10 new mortgage loans taken out by Americans.²

The big lesson US credit unions learned was that getting primary legislation changed and convincing their regulators to adopt reasonable enabling regulations turned out, in hindsight, to be the easiest steps in getting there.

Just as important, and far more difficult, was acquiring the skills, technology, and financial tools needed for them, as relatively small institutions, to compete safely and effectively with banks and other providers. They learned that doing so required:

- Effective collaboration (often facilitated initially by their state and national trade bodies) to obtain back-office scale, technology and expertise,
- Mitigating credit risk and market interest rate risk by selling home loans into secondary markets, which also became major vehicles for credit unions to

¹ These issues are described in CFCFE, *The Irish Credit Union Business Model: Is it still fit for purpose?* Dublin, October 2017.

² Credit Union National Association (CUNA) (2017), *Monthly Credit Union Estimates August 2017*, Madison, WI USA; Credit Union Times, "Credit Unions Gaining Market Share" 13 June 2017.

safely invest their funds,

- Securing reliable standby liquidity credit lines at essentially no commitment cost from credit union-owned corporate credit unions,
- Achieving credibility by developing local relationships with estate agents, who are major influencers of where people go for their mortgages, and
- Accepting the necessity to foreclose when borrowers simply cannot repay.

America is, of course, very different in many ways from Britain and Ireland. Nevertheless, the authors submit that the experience of US credit unions can provide insights that will be helpful this side of the Atlantic for credit unions who embark on a similar journey.

Mortgage lending: opportunities and challenges

As Irish and British credit unions examine how to grow their lending, an obvious possibility is providing members with long-term home mortgages. In both countries, housing finance accounts for the largest share of household borrowing. It therefore offers, by far, the greatest longer-term opportunity for credit union lending to grow substantially. (Figure 1.)³

During the last century, building societies were the consumer-owned, mutual source for home finance, and they

Uses of Household Borrowing by Amount		
	Housing Finance	Consumer and Other
Ireland	85%	15%
UK	78%	22%
USA	77%	23%

Figure 1.

dominated the mortgage markets in both countries. In Britain, building societies still have a 22% market share.⁴ However, with the complete demise of building societies in Ireland after 2008, Irish credit unions are now the only lenders that still have a mutual ethos that elevates value to people over profit.

³ Central Bank of Ireland, Statistical Release, Trends in Personal Credit Q1 2018 (Dublin); Daniel Harari, "Household Debt: Statistics and Impact on Economy," Briefing Paper 7584, May 2018, House of Commons Library; "Quarterly Report on Household Debt & Credit," Federal Reserve Bank of New York, 4Q 2017.

⁴ Building Societies Association, London, www.bsa.org.uk/statistics/bsa-statistics, accessed 22 June 2018.

All the same, credit unions are well aware of the caution recommended by their regulators regarding the greater complexity and unique risks of mortgage lending. The mortgage market is controlled by large, entrenched and sophisticated competitors. Entering the market poses substantial challenges to credit unions as relatively small institutions that lack comparable scale and experience.

US credit unions faced those same challenges

The challenges here are basically the same as those that confronted US credit unions in the 1980s, when they first started making home mortgages on a substantial scale. At the start of that decade, when there were 21,465 credit unions in America, many had recently begun offering current accounts and ATM cards, and a few offered credit cards.⁵ On the lending side, however, they operated much like those in Ireland and Britain do today.⁶

Car loans comprised about 30% of their loans outstanding. Sixty percent of their loans matured in two years or less, and short-term loans made up one-third of total loan volume. For the most part, their real estate-secured lending was for 15 years or less, mainly for home improvements or buying mobile homes.⁷

In 1980, the average US credit union loan/asset ratio was 71% (then low by historical standards), but credit unions held only 12% of the overall consumer instalment-loan market.⁸ Mortgages seemed to offer a big opportunity to grow their overall lending.

⁵ CUNA, United States Credit Union Statistics (2015), Madison WI USA.

⁶ For comparison purposes, a Central Bank of Ireland review in 2016 revealed that credit union loans with maturities over 10 years amounted to only a bit more than 2% of total loans. Even credit unions most actively engaged in making loans of more than 10 years had only 3% of their total gross loans in longer-term maturities. Central Bank of Ireland, "Home Loans in Credit Unions – Thematic Review Findings," (2018) Dublin.

⁷ 1971 National Credit Union Administration Annual Report, Washington DC.

⁸ J. Carroll Moody and Gilbert C. Fite, *The Credit Union Movement, Origins and Development 1850 to 1980, Second Edition* (Dubuque, Iowa: Kendall/Hunt Publishing Company, 1983), 265.

While 44 states authorized state-chartered credit unions to make real-estate loans prior to Federal deregulation, only a few (in 27 states) reported loans secured by real estate at year-end 1970.⁹

Following effective lobbying by national and state credit union trade bodies, in 1978 the US Congress amended the legislation governing Federal credit unions, which then accounted for about half the movement's members and assets. That change included giving them, for the first time, the ability to offer 30-year first mortgage loans. This was a huge success, greeted with much excitement in the sector.¹⁰

That excitement was tempered, however, by recognition of a fundamental reality: The median price of a home nationally in 1980 was \$47,200, which meant that only the very largest credit unions had the funding capacity to hold more than a couple hundred mortgages at any time.¹¹ That was simply not enough volume over which they could individually spread the specialist costs of marketing, originating and servicing mortgage loans while still charging a competitive rate. More importantly, it was insufficient to safely diversify credit risk.¹²

Fundamentally, while expanded legal authority was necessary, it was not sufficient. Individually, US credit unions faced numerous operational, financial, and other very practical business hurdles to successfully entering the mortgage market as significant players:

- A critical deficit in the unique marketing, underwriting, administration and compliance expertise that mortgage lending required,
- The lack of capacity to make enough mortgage loans over which to spread

⁹ NCUA 1970 Annual Report, www.ncua.gov.

¹⁰ So-called "Federal conformity" provisions in most state credit union acts automatically gave mortgage authority to state-chartered credit unions when the Federal Credit Union Act was amended.

¹¹ United States Census Bureau, Historical Census of Housing (2018), Washington D.C.

¹² In normal times, mortgage loans, like consumer loans generally, typically go bad for reasons that are unknowable when the loan was made: loss of job, health problems, marital difficulties, and so on. A single mortgage loan is therefore a gamble on an unknown risk. Only by diversifying risk across many borrowers can it become safely measurable, manageable, and mitigated through adequate pricing. If the choice is between making ten mortgage loans or spreading risk across 1,000 people by giving them consumer loans totaling the same amount, the latter is obviously safer.

- the costs of acquiring those resources and to safely diversify credit risk,
- The dominant market share controlled by banks and a successful savings and loan (S&L) industry that focused on residential mortgages to consumers,
 - The entrenched relationships these providers had with estate agents, who directed most home buyers to the lenders they ended up using, and
 - The need to base a mortgage program on a sound and comprehensive strategy that focused on how credit unions and members alike would benefit, and that tackled the creation of an operational infrastructure that would enable credit unions to overcome their lack of scale and expertise.

The reality confronting US credit unions was that their larger competitors had long experience and technical expertise, together with greater research and development competencies and the strategic knowledge and deeper financial pockets needed to innovate. This meant that credit unions had to somehow achieve the same scale and expertise to successfully participate as residential mortgage lenders.

That is basically the same reality that confronts Irish and British credit unions today. The US experience provides examples of how to overcome that reality.

Effective collaboration to achieve necessary scale

Fortunately, by 1978 US credit unions had already demonstrated their capacity to collaborate effectively at developing the scale and expertise needed to innovate new products and services.

CUNA Mutual Insurance Company was the first major example, set up in 1935 by Credit Union National Association (CUNA), the trade body that represented the state credit union leagues and their member credit unions at the national level. Over subsequent years, both CUNA and CUNA Mutual provided credit unions with a wide range of risk management, insurance, group purchasing, back office support, training, compliance and other services, in addition to CUNA serving as the movement's advocate to government, the media and the public at the national level.

In the 1970s, CUNA and the leagues obtained regulatory clearance to organise an integrated system of central credit unions, which provided wholesale banking services to their credit union member/owners. By 1980 the "Corporate Credit Union Network" had total assets of \$4.2 billion. It provided credit unions with higher yields on their investments and access to liquidity loans at much better rates than they could get from the commercial banks with which they competed.¹³

The history of the US corporate network (and similar credit union-owned central finance facilities in other countries) is the subject of an upcoming CFCFE Briefing Paper. The key point for present purposes is that by 1980 US credit unions had already overcome one of the key challenges now confronting credit unions here.

That challenge is to secure sufficient and affordable standby credit lines, to ensure having the short and medium-term liquidity needed for prudent mortgage lending. Irish and British credit unions must pay significant fees to acquire credit lines from the banks. US credit unions get a substantial credit line for free simply by their membership in the corporate credit union where they invest their funds. Moreover, the borrowing rate will be lower than elsewhere if they do need to draw it down.

In an immediate response to the advent of Federal authority for mortgage lending, CUNA and CUNA Mutual jointly established CUNA Mortgage Corporation in 1978. The new company provided the scale needed to fund mortgages on a geographically diversified large scale, while also protecting credit unions from the risk of interest rate volatility. CUNA Mortgage did so as by serving as a movement-owned mortgage banker. It purchased mortgage loans from credit unions and packaged them for resale into the secondary markets.

CUNA Mortgage became the model for subsequent business entities that credit unions themselves created in the following decades. Generically called "credit union service organizations" (CUSOs), they were also authorised by the 1978 Federal legislation. The law allowed credit unions to invest up to 1% of their assets into

¹³ Paul Thompson, *Development of the Modern U.S. Credit Union Movement 1970-2010* (Madison, WI, Lulu Publishing, 2012), 42-43; in 1980 the US movement had total assets of \$69 billion. CUNA, *United States Credit Union Statistics* (2015), Madison WI USA.

limited companies provided they were controlled by credit unions and operated to support permitted credit union activities, including mortgage lending.

At the start of 2017, 882 CUSOs operated in the United States. Of that number, 650 were owned by individual credit unions as their 100% share owners, and the rest were owned by multiple credit unions.¹⁴ Five CUSOs reported having more than 100 owners, and one reported having more than 1,000 credit union owners.

The most common mortgage-lending services offered by CUSOs include originating loans, closing loans, and servicing them. For example, Credit Union Mortgage Association is among the oldest US CUSOs. It allows its owners and other credit unions to pick from a menu of services that can be branded with the CUSO's name or in the credit union's name in an agent relationship. This CUSO has a national footprint.¹⁵

A smaller example is CUSO Home Lending, owned by the 62 credit unions in the State of Maine. In 2017, that CUSO serviced US \$1.5 billion in housing loans, 70% of which were purchased from its client credit unions.¹⁶

CUNA Mortgage Corporation and subsequent CUSOs gave credit unions the scale expertise and credit risk diversification they needed for mortgage lending on a substantial scale. Their most important function, however, was to provide long-term funding and protection against interest rate risk.¹⁷

¹⁴ Single-owner CUSOs are usually created because some kind of special licence is required (such as to act as an insurance agent or to provide members with stock brokerage services) or because the activity is subject to corporation tax, whereas US CUs are not. But many single-owner CUSOs are set up, capitalised and operated by a large credit union to provide itself and nearby smaller credit unions with back office support on a shared services basis.

¹⁵ www.cumortgage.net, accessed June 19, 2018.

¹⁶ Tim Burton, "For Maine CUSO, Mortgage Loan Promise Guarantees Success," ACUMA Pipeline, Summer 2017.

¹⁷ The US experience with CUSOs and other forms of credit union collaboration, for a wide range of functions beyond mortgages, is the subject of a CFCFE paper scheduled for publication later this year.

Mitigating funding and market risks

A member savings-based funding strategy may be ample for short-term instalment loans, but, given the limited size of credit unions, member funding is not up to the task of writing mortgages in sufficient volume to be a significant market player. Moreover, holding mortgages in their own portfolios exposes credit unions to the very real market risk that comes from even relatively minor changes in market interest rates.

That risk cuts both ways. Holding the fixed rate mortgages that borrowers prefer when rates are low exposes portfolio lenders to substantial risk when rates go up. That can be calamitous if they go up far enough that funding costs exceed what the mortgages yield. But variable rate mortgages are no panacea, as demonstrated by the disastrous experience of Irish banks with tracker mortgages after the crash when interest rates declined.

The need to match funding costs with income and to mitigate market risk was the primary reason US credit unions had to collaborate in developing collective solutions for mortgage lending.

At present and for nearly a decade now, credit unions here and in America have been operating in an era of historically low interest rates, as central banks kept rates down to stimulate recovery from the recession of 2007 to 2009. Only recently have rates begun to rise, and those increases have been incremental and very manageable to date.

However, an economics philosopher once noted that history teaches but it has few pupils. Business memories are especially short. It has been nearly half a century since the financial industry suffered the severe consequences that came from the combination of a deep worldwide economic slowdown accompanied by a rate of high inflation and interest rate instability.

Residential mortgages are products with long-term maturity dates while interest rates paid on member deposits generally are short term. This is especially true for fixed-rate mortgages, but even variable-rate mortgages require expertise in asset/liability management to avoid interest-rate mismatches in volatile markets.

US credit unions had the advantage of seeing, in real time, the consequences of failing at those tasks during the 1980's, while they were first getting into mortgages. Between 1986 and 1995 nearly half of the 3,024 savings and loan associations (S&Ls) in America collapsed. The so called "S&L Crisis" resulted in that industry's share of the US home mortgage market dropping from 78% in 1978 to 56% by 1986.¹⁸ The S&L market share continued to plunge thereafter.

The S&Ls started out as saver/borrower owned companies, based on the same mutual business model as building societies were here. However, the same 1978 Federal legislation that gave mortgages to credit unions substantially deregulated the rules for S&Ls. Unfortunately, by then two-thirds had demutualised and become for-profit public companies, and that had the effect of encouraging them to take higher risks to boost profits for their investors.

All the same, their fundamental vulnerability stemmed from the traditional S&L business model of funding fixed rate home mortgages almost entirely from consumer deposits. During a long era of very stable interest rates in the US, that model served them well. They could attract deposits that carried an interest rate limited by a Federally imposed rate ceiling, which also applied to banks and which had always remained well below the market rate for home loans. This gave S&Ls a comfortable and profitable operating spread – giving rise to the old saying in the industry that you only need to know three numbers to run an S&L: 3, 6, and 3, which meant pay 3% for deposits, lend the money out at 6%, and you can be on the golf course by 3 pm.

But in 1986 a recession coupled with high inflation resulted in the Federal Reserve bumping rates up to levels previously unheard of in the US. That meant that S&Ls could fund their predominately fixed-rate mortgages only by paying depositors more

¹⁸ The Savings and Loan Crisis and Its Relationship to Banking: An Examination of the Banking Crises of the 1980s and Early 1990s, www.fdic.gov, accessed June 19, 2018.

than they were earning. The S&L Crisis that wiped half of them out was the inevitable result, but it was actually the second time around for the S&Ls. They had already suffered large losses when rates spiked in the 1970's. To double-down on their prior losses, the S&L industry persuaded Congress to remove the cap on the interest rates they could pay depositors and also to let them engage in riskier activities, such as direct investment in commercial real estate.

Many of these failed S&Ls were multi-billion-dollar institutions, far larger than any credit union. Credit unions watched while the big for-profit S&Ls struggled with big losses in the 1970's and then while nearly all of them failed in the 1980's. The lesson was absolutely clear: No credit union was big enough to go it alone in mortgage lending to any significant extent. Collaborative efforts to pool credit risk and to mitigate market risk were not optional; they were a necessity.

A secondary market for residential loans

Operational collaboration proved essential to mortgage lending success for U.S. credit unions, but the existence of a secondary market for mortgage loans proved invaluable to their entry into residential mortgage lending.

The U.S. government created the secondary market for mortgages during the Great Depression of the 1930s, to spur home ownership and provide support to struggling mortgage lenders. Throughout the years since it has been a critical component of the US residential mortgage market. Without it, small lenders like credit unions would be unable to compete.

Huge Government-Sponsored Entities (GSEs) dominate the secondary market, but there are private firms that will also acquire, bundle and securitise home mortgages for purchase by institutional and private investors.

The GSE most used by credit unions has been a Federal government-own company that started out as the Federal National Mortgage Association (FNMA), and, upon its privatisation in 1968, was renamed to what it had been called colloquially all along: Fannie Mae.

Banks, the remaining S&Ls and credit unions, as well as non-deposit-taking mortgage

firms, can apply for and become approved Fannie Mae mortgage originators. Approved credit unions can sell mortgage loans they originate to Fannie, which takes the loans off their balance sheets and assumes all risk of loss going forward – **provided** that the credit union followed Fannie's detailed underwriting standards to the letter. The credit union continues to retain its relationship with the member by collecting the monthly mortgage payments. It retains a percentage spread out of those repayments (referred to as a servicing fee) and remits the balance to Fannie Mae.

Fannie funds the nearly \$1 trillion in mortgages it owns by borrowing in the money markets. Since credit unions are authorised to invest in Fannie Mae obligations (as well as those of the other GSEs), they can in effect invest in mortgage loans on a safe, pooled basis without carrying those loans directly on their balance sheets.

In the event of default, Fannie is responsible for collecting and foreclosing on the loan. This takes the psychological burden off the credit union of having to take the member's home; it can blame Fannie Mae. But the fact remains that US credit unions realised early on that even for loans kept in their own portfolios, while they would work with a distressed member, ultimately they owed it to their other members to foreclose when it became clear the borrower simply could not repay.

A detailed description of how the secondary market operates is beyond the scope of this paper.¹⁹ However, the following are the key lessons from the US credit union experience:

- The secondary market enables a credit union to make far more mortgage loans than it could possibly fund from its own member savings.
- The credit union retains the member relationship and earns income from the

¹⁹ For more on how the secondary mortgage market played a key role in the evolution of the US financial marketplace, see Ranajoy Ray Chaudhuri, *The Changing Face of American Banking: Deregulation, Reregulation, and the Global Financial System* (New York: Palgrave MacMillian, 2014), 99-101.

servicing fees it collects, but just as importantly, it can invest its excess funds in medium and longer-term obligations of the GSEs, thereby gaining earnings from mortgage lending indirectly and much more safely.

- However, requirements of the secondary market (particularly the minimum block of mortgages a GSE will buy) make it impractical for smaller credit unions to access the secondary market directly. CUNA Mortgage and the other CUSOs described in the preceding section were created with the primary purpose of serving as intermediaries, to bundle the loans made by several credit unions during a particular period for resale to the secondary market in the aggregate amounts required.
- By getting started making loans only for the secondary market, credit unions learned the mechanics of underwriting mortgage loans, since they had to follow secondary market instructions to the letter. In doing so, they were aided and advised by CUNA Mortgage and other CUSOs.
- Credit unions could afford to obtain the skills needed to market, originate and service mortgage loans from the income earned by sales to the secondary market. As a result, over time, many, including even very small ones, obtained the skills and confidence to make and keep the best mortgages for themselves.

Thus, collaboration allowed even very small US credit unions to successfully enter the home mortgage market. It overcame the big obstacles that US credit unions faced in the 1980's and which are now faced by credit unions over here.

Of course, there is no Fannie Mae in Ireland or Britain, and because the mortgage market in both countries is concentrated in a few large providers, it has not been necessary to create a government-supported secondary mortgage market.

Nevertheless, the laws of both countries provide the framework and authority for the creation of special purpose entities that can acquire a pool of mortgages from credit union originators, fund them initially with loans from wholesale sources, and then securitise them when the pool gets large enough (€300 million seems to be the minimum). Indeed, in Ireland 26% of mortgages have been securitised and funded

through the financial markets.²⁰

One of the author's (Swoboda) has discussed the private secondary market potential for credit unions with two law firms in Dublin, and it was clear that such a private secondary market could be created under existing laws and regulations. It seems this would also be the case in Britain.

Again, the details for doing so are beyond the scope of this paper, but the opportunity is real. What is required is a collaborative effort to fund the hiring of mortgage specialists, attorneys and other advisors who would know how to set up such an entity, get it staffed and underway. London and Dublin are international centres for funds management and securitisation, so the necessary skills are here to be had if a start-up structure and funding can be developed by credit unions working together.

Dealing with the other challenges

Estate agents are the primary source of information for people looking to obtain a mortgage. The challenge for new entrants like credit unions is that estate agents have little incentive to recommend them and many incentives to not. Estate agents are primarily motivated by their desire to close sales and earn their commissions as quickly as possible. That means they will send a buyer only to lenders whose rates, standards, and service levels they already know, to maximise their confidence that the loan will be approved. This simply won't happen right away for a brand-new entrant with no mortgage lending track record.

As a practical matter, this was probably the factor that most slowed the growth of US credit union mortgage lending in the early years. Since the secondary market dictates the rate that must be charged, credit unions could not compete based on price. They had to achieve a reputation for consistently offering convenience, speed

²⁰ Central Bank of Ireland, Statistical Release, Trends in Personal Credit Q1 2018 (Dublin)

and predictability in making mortgage loans. That only came with time.

US market acceptance was aided by advertising programmes run by CUNA and the state leagues. But advertising only created awareness that credit unions had become mortgage lenders. The real work was at the credit union level, where each credit union had to get acquainted with local estate agents and earn their trust and confidence.

In this regard, most Irish and British credit unions have the advantage of serving community common bonds, and Irish credit unions have the most trusted brand in the country. In the 1980s over 90% of US credit unions were industrials and therefore lacked much visibility outside the workplaces they served.

Mortgage lending also required US credit unions to acquire the relevant IT and compliance resources. The former meant their data processors soon built mortgage support into core systems, since the US market for core IT was highly competitive and credit unions demanded mortgage lending support.

CUNA and the state leagues developed training and other informational resources on the marketing, operational and compliance requirements of mortgage lending. CUNA Mutual included mortgages in its "LoanLiner" program, which provided its fidelity bond clients with compliant procedures, checklists, mortgage agreements, and so on. It retained lawyers throughout the US to keep those resources up to date in each US state, for legal and regulatory purposes.

Mortgage lending at US credit unions today

Success can require time and patience, but the collaborative infrastructure that US credit unions started building 40 years ago has enabled them to efficiently command a healthy market share of residential mortgages.

Although there are now 297 credit unions with over \$1 billion in assets, half of the 5,644 credit unions operating in the US are less than \$32.5 million. Even credit unions that small

Asset Size	% Offering First Mortgages
< \$20 Million	29.2%
\$20-\$50	82.7%
\$50-\$100	95.6%
\$100-\$250	99.3%
\$250-\$500	100.0%

Figure 2.

offer first mortgage loans.²¹ (Figure 2.)

There are now many credit unions in the U.S with large enough volumes to manage their own mortgage programmes and to deal directly with the secondary market, but that is because collaborative structures enabled them to build scale over time. For most US credit unions, however, collaboration is still essential for successful mortgage lending.

Progress on mortgage collaboration over here

The Solution Centre is a collaborative effort of Irish credit unions that was founded in 2016. Last year it announced the rollout of an “end-to-end” mortgage program designed to enable credit unions to make long-term residential mortgages. The Centre’s offering is intended to provide “ongoing access to specialist mortgage and lending expertise to support (a credit union’s) own internal resources.” However, the final underwriting decision is left to each participating credit union.²²

The Solution Centre is an encouraging development modelled on similar credit union owned centres in Canada and on CUSOs in the US. Also encouraging, the Irish League of Credit Unions has announced that it has a collaborative mortgage solution under development.²³

Sceptics might object that it was one thing for the Americans to do what they did but look how big they were already when they started on mortgages. However, it should be kept in mind that the US is a federation of 50 states, only 8 of which have more credit unions than Ireland. The Maine League mortgage CUSO described above services US \$1.5 billion in housing loans in a state with only 55 credit unions, who

²¹ CUNA, U.S. Credit Union Profile, First Quarter 2018, Madison, WI USA.

²² CUDA, www.cuda.ie, accessed May 23, 2018.

²³ Irish League of Credit Unions, "ILCU credit unions to set up centralised mortgage system following AGM vote" Media Release 25 April 2017.

now serve 691,098 members.²⁴ The smallest US corporate credit union was set up in the State of South Dakota several years earlier when it had about 70 credit unions then serving less than 100,000 members.²⁵

Conclusion

Collaboration amongst credit unions in the United States enabled them to surmount the limitations of scale, expertise, and funding that would have otherwise made their successful entry into this highly competitive market virtually impossible.

There are good reasons for optimism that collaboration will be successful here as well and that credit unions will find a way to successfully offer home mortgages on a substantial scale over time.

What they require is the absolute determination to do so and the willingness and patience to change ingrained behaviours, to co-operate, to build on common ground, to compromise, to subordinate individual personal and credit union goals to what is optimal for the whole, and to trust each other enough to actually collaborate and get the right things done.

The authors hope this paper provides insights that will help them chart the course most likely to succeed.

²⁴ Maine Credit Union League, www.mainejul.org/about-credit-unions/faqs-statistics/, accessed 26 June 2018.

²⁵ One of the authors (Swoboda) is married to the South Dakota corporate's first full-time CEO.

Membership of the Centre for Community Finance Europe

Founding Members provided the initial funding required to launch CFCFE in 2017.

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Clockwise (England) Silver

Comhar Linn INTO (Ireland) Founding

Commsave (England) Founding

Co-operative Family (England) Bronze

Core (Ireland) Founding

Dubco (Ireland) Founding

Dundalk (Ireland) Founding

Enterprise (England) Founding

First Choice (Ireland) Founding

Health Services Staffs (Ireland) Founding

Hoot (England) Silver

Just (England) Silver

Life (Ireland) Founding

London Mutual (England) Founding

Manchester (England) Bronze

Member First (Ireland) Founding

NHS (Scotland) Founding

Number One Police (England) Founding

Plane Saver (England) Founding

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Savvi (Ireland) Founding

South Manchester (England) Bronze

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CENTRE FOR COMMUNITY FINANCE EUROPE LTD.

Unit 12, 55 Percy Place, Dublin 4, Ireland

Email: info@cfcfe.eu

www.cfcfe.eu