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## CU Sees 37% Increase In Mortgage Loans

Credit Union Journal | Monday, March 2, 2009

By Joyce Moed, Reporter

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WINSTON-SALEM, N.C.-While many financial institutions still feel the impact of the country's real estate downturn, one North Carolina CU is reporting an increase in its mortgage loans.

**Truliant** FCU's closed mortgages increased by 37% in January, compared to the same period in 2008. According to the [North Carolina Association of Realtors](#), home sales in North Carolina were down by 25% in 2008.

**Truliant** FCU's leaders say the secret of their success isn't actually a secret if you are in the CU business, stressing their success comes from not venturing into the subprime lending market, which they say enabled the credit union to put its members into mortgages that fit their lifestyles, and into mortgages they could afford.

Staying True To CU Values

"**Truliant** has stayed true to its core values and not put our member-owners in loans such as subprime or option arms, which could negatively affect them in the long run," said [Troy Martens](#), VP-consumer and real estate lending for the 180,000-member CU.

Martens said that when someone comes into **Truliant** FCU asking for a loan, the credit union representative first educates the person about what they are getting into, no matter what the size of the loan. "And that has allowed us to create relationships that are built on trust," Martens said.

Martens said that North Carolina is not immune to the economic conditions being seen in other parts of the country. "And we are starting to see more of the trickle-down effect," he noted. "That being said, it is now more important than ever to educate people on the mortgage they are looking to get. We will continue to offer products and services that benefit our member-owners, and will do everything possible to positively impact their financial future."

Martens said that the CU continually reviews appraisals, and utilizes "sound lending metrics" when making loan decisions, as ways of determining current home values. "We are always concerned about the quality of our loan collateral, and we constantly monitor how property values are affecting our portfolio," he said. "Certainly eroding market values are of particular concern right now, and declining values increases the personal finance risks to our members as well as the collateral risks to the credit union.

"Most commonly it will limit the flexibility and options we have in servicing our members and it'll make it harder for a struggling household to dig itself out. I think everyone will benefit if we can stave off any further market value erosion and return to a more stable real estate environment as soon as possible."

Martens noted that in some instances, **Truliant** FCU has had no choice but to adjust down payment requirements, with the market. "PMI restrictions and default insurance requirements mandate higher qualification levels for both first and second mortgages," he explained. "However, we also try to understand the real risk of each credit request. In a few instances, we might feel comfortable with making an occasional exception because the overall risk is deemed acceptable."

In those cases, Martens said the CU will put the loan in the portfolio and service it from there.

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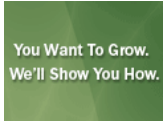
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This week's special report looks at how members may be more interested in purchasing insurance products—particularly those that help make loan payments when a member loses his job. Indeed, experts tell CU Journal they are seeing an increase in benefits being paid out, which could indicate these products will continue to be popular during the economic downturn.

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