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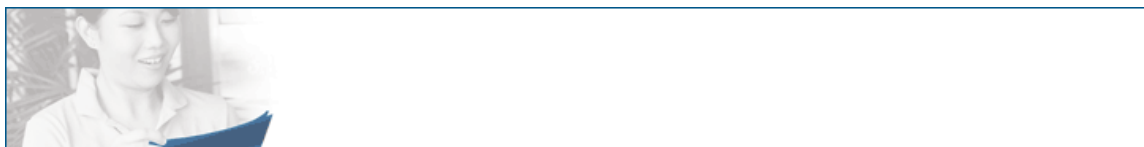
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Consumers Flock to CUs for Mortgages

September 03, 2008

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By LISA BURDEN

WINSTON-SALEM, N.C. — While mortgage originations are down at banks and brokers and headlines highlighting staff layoffs are the norm, credit unions are reporting increased mortgage loan applications and even adding staff to meet the demand. One North Carolina-based credit union said it's all a matter of trust.

First-mortgage loan originations by the nation's credit unions surged during the first six months of 2008, up 40% over the same period in 2007, according to data provided by Callahan & Associates.

The brisk volume occurred despite an economy flirting with a recession and a slumping mortgage origination market, which is 17% below 2007 in originations.

"Credit unions continue to be a bright spot in our nation's financial services market. Growth in all key balance sheet categories is accelerating," Jay Johnson, Callahan's executive vice president, said in a written statement.

The financial organizations are showing their ability to be trusted financial advisers for the long-term benefit of their members—an added value in these uncertain economic times, Johnson continued.

Truliant Federal Credit Union is one CU that's counting on the benefits of trust and relationship banking to continue to increase its market share.

Truliant's closed mortgage loans jumped 39% for the first half of 2008 over the same period last year. "Our mortgage department stays extremely busy," Marc Schaefer, Truliant president/CEO, said.

Although Truliant is in the midst of a large-scale branding campaign (Credit Union Times May 21, 2008), Troy Martens, Truliant's director of consumer and real estate lending, said that the uptick in mortgage lending also stems from the trust that members have for their credit unions.

Martens emphasized that the North Carolina-based credit union shied away from subprime lending, often foregoing profitable but unfriendly-to-consumer loan products to put its loan applicants into affordable mortgages.

Schaefer explained, "We take the necessary steps and time to analyze each member's needs to ensure they understand all of their options and the costs associated with each. By placing this information within the context of all their financial needs, we help them purchase a home that they can both enjoy and afford."

Martens also said the credit union puts a lot of effort into educating its

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members—all of which combine to build long-term financial relationships with consumers. "We want people to trust us," he concluded.

As a result, Truliant has increased its mortgage lending and its mortgage lending staff during one of the worst real estate downturns in years.

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