



A New Dawn

It's Time to Consider New Loan Choices to Help Meet Member Needs

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The mortgage arena has seen a dramatic shift in recent quarters with the unprecedented rise in interest rates. With that in play, we still have a dramatic housing shortage in America today. When looking at our population compared to available housing, some would suggest we are short millions of units needed for our current population. In addition, we must recognize the age of existing housing stock, much of which was built in the 1950s and '60s as Americans returned from war and settled down to have families. Add to that our remote working environment, the pivot made with COVID, housing wants, and personal needs that are now drastically different. One thing stays the same through all this: we need to provide mortgage financing for all Americans.

As we look forward, we can already see that the broader market is moving away from a Conventional Fixed Rate dominating the market to a more diversified set of products. With that in mind, expanding portfolio options with hybrid arms like a 3/1 or 5/1 amortized over 30 years are in high demand. Other loans that go a long way towards serving first-time home buyers and those with incomes on the lower end of the spectrum include government products like FHA, VA and USDA loans.

Many credit unions historically have not offered government mortgage products for a variety of good reasons. Some would say they don't have the technology to calculate the insurance premiums and/or loan amounts correctly, others would suggest they simply don't see the benefits to their mortgage effort due to complexity of the product, and still others who just don't recognize the benefits to their members. As we move forward into second half of 2022, you should consider expanding your mortgage offerings, and government lending is a great place to start.

Sometimes it just makes more sense to ease into the shallow end of the pool versus diving in at the deep end. There are wholesale investors in the market that would gladly partner with credit unions to buy their government and conventional loans. Partnering with a lender who will be with you step-by-step who supports you through the entire process. At firms like UHM, we might not be able to leap tall buildings or stop speeding trains, but we can take a complicated process and make it easy. Our superpowers? Communication, integrity and speed.

Think about it. We're not from the government, and we're here to help. ▲

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