

The Community



Bringing Credit Unions and Realtors Together

July 2008

CU Realty's Credit Union Partners

- Agriculture FCU
- Apple FCU
- Bank-Fund Staff FCU
- BayPort CU
- Credit Union Mortgage Association
- Fairfax County FCU
- HEW FCU
- Justice FCU
- NASA FCU
- Northwest FCU
- State Department FCU
- Tower FCU

CU Realty's Credit Union Affinity

- Arlington Virginia FCU
- Congressional FCU
- FedFinancial FCU
- Money One FCU
- NIH FCU
- NRL FCU
- Transit FCU
- Transportation FCU
- Vantria FCU
- U.S. Postal Service FCU

Power of Numbers

Rebates Paid Since Inception
\$4,048,456

Total Loans Closed – Buyers
924

Total Loans Closed – Sellers
282

Now for some good news about Washington area real estate

We exist in an environment of high foreclosures, short sales, bank failures, tightening lending standards, home price declines, slow sales, general economic uncertainty, and concerns over inflation. However, some positive signs about the local market have emerged. In fact, some of the good news is meaningful enough to potentially signal a bottoming of the market. In truth, a market bottom can't be identified until far after it's occurred. If anything, these signs provide a reminder that the current down market is not perpetual, and that positive change can arise from these down times.

Transaction volume is up.

According to MRIS, June 2008 real estate contract volume within the Washington metro was up 9% over June 2007. By contrast, volume in the first quarter of 2008 was 29.1% below the prior year. This potentially indicates that pent up demand created by 8 months of very slow real estate contract volume is beginning to be released. It may also indicate that fearful home buyers are now beginning to enter the market.

The PMI Risk Index is in decline.

The PMI Risk Index, published quarterly by the PMI Mortgage Insurance Company, measures the risk of real estate price declines on a market-by-market basis. The index indicates the percentage likelihood of a price decline in the market within the next two years. In the fourth quarter of 2007, the PMI Risk Index for the Washington area was 29.1. In the first quarter of 2008, the index dropped to 21.4 – a major improvement. By contrast, the national average PMI Risk Index was 29.5, and the markets of Orlando, Tampa, Las Vegas, and Los Angeles all have indices above 80. In short, the market is less risky than average, and is becoming less risky over time.

Some home prices are going up.

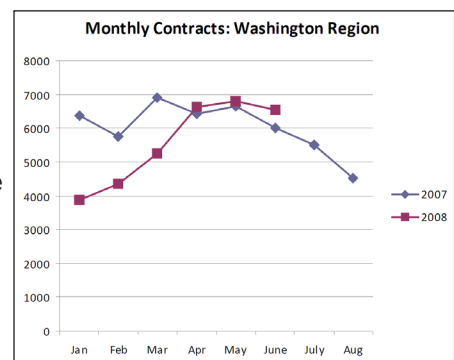
The average sales price of homes in the Washington area in June 2008 was \$463,785 according to MRIS. This represents a 13.6% drop from the year before. However, year over year price changes vary significantly by county and zip code within the region. For example, the average sales price in Prince William County fell 31% year over year. However, average transaction prices in the District of Columbia actually rose 18% during this time. Prices also increased in some zip codes in both Maryland and Virginia.

Area job growth is continuing.

Local home prices are largely affected by job growth or loss within the local market. When local job growth is strong, workers and their families are drawn to the area, and demand for housing increases. According to the GMU Center for Regional Analysis, the Washington metro area added 26,500 jobs during the 12 months ended in May 2008, making Washington one of the fastest growing job markets in the U.S. By contrast, Miami, Los Angeles, Phoenix, and Detroit all experienced significant job loss during this period. Note that these are all markets experiencing the most severe real estate price declines in the U.S. Additionally, the Washington area's unemployment rate is a mere 3.1% – the lowest among major U.S. metro areas and well below the nationwide average of 4.8%. The GMU Center for Regional Analysis expects the Washington area's job growth to accelerate through 2012. Although the current housing market is slow, it's reasonable to expect that these incoming workers will likely absorb our current excess housing inventory, strengthening the local real estate market over the next few years.

Bargain hunters are swooping in.

The Washington region's foreclosure rate remains at historically high levels. However, anecdotal information from local real estate agents reveals that home buyers have shown increased interest in purchasing foreclosures. Many of these individuals characterize themselves as bargain hunters or investors in search of favorable deals. Local agents have also reported a high incidence of competitive situations, where multiple buyers have submitted offers on a foreclosure property. This potentially signals that local real estate prices have reached a point where buyers are increasingly compelled to enter the market and "greed begins to trump fear."



Lending a Hand for Lending

How CU Realty Services Assist Credit Unions

CU Realty Services (national) is our parent company who's role is to assist our CUSO in developing & implementing best practices, guiding new Credit Union's through the set up & implementation phase, and helping us build a stronger mortgage program. Behind the scenes their well trained Member Service Team performs a variety of duties as a member advocate. They guide members through the home buying and/or selling process, answer questions about the rebate program, help members navigate the website, connect them with their CU for mortgage related requests, assist them in the agent selection process, and finally ensure the member receives their rebate.

Kim Hebert, the Agent Liaison for CU Realty Services, assists in establishing & maintaining a strong network of agents to provide your members (buyers & sellers) with professional real estate representation. This entails locating well qualified agents, training them on CU Realty procedures & CU expectations, and monitoring their performance once they start receiving referrals.

In addition, Kim provides assistance to our Credit Unions who would like to establish a solid working relationship with these realtors. We realize how important each partner relationship is to creating a successful program. We encourage you to invite agents to participate in any CU hosted real estate forum and put their expertise to work on your behalf.

Realtor Spotlight

Michael Gorman, CEO
Corus Home Realty



Describe your company.

Corus Home Realty is an innovative real estate brokerage with five offices and 45 professionals serving Virginia, Maryland, DC and Pennsylvania. Founded in 2001, Corus is unique among real estate brokerages due to its team oriented approach and use of salaried agents. The company's management believes that this approach provides superior service, responsiveness, and expertise to its clients. In 2006, Corus was named to the Inc 500, Inc Magazine's list of America's 500 fastest growing private companies. Corus joined the CU Realty program in 2005 and has worked closely with all participating credit unions in the Washington area.

Describe your experience thus far with the CU Realty program.

We at Corus Home Realty enjoy working with credit unions and their members. We appreciate the fact that credit unions view themselves as service organizations rather than sales organizations. They have earned the deep loyalty of their members as a result. As a partner of CU Realty, we both benefit from and hope to contribute to this member loyalty.

How can credit unions differentiate themselves in the current real estate and lending environment?

We believe that credit unions are positioned exceptionally well to thrive in today's uncertain environment. Given that credit unions remained largely absent from the boom in subprime lending, they have maintained excellent strength while other lenders have struggled or failed. While most mortgage providers have significantly tightened their lending criteria in the current environment, credit unions have been able to provide much more flexibility in lending to their members. Over the past few months, we've introduced credit unions to our non-CU clients as an excellent mortgage option.

How can credit unions and Realtors build better relationships?

Sharing the common goal of providing exceptional service to credit union members provides the foundation for our credit union relationships. Next, ensuring effective and robust communication between our agents and credit union loan officers helps us to be sure we're on the same page in serving members' needs. Finally, we work hard to provide extra support to credit unions through participation in events such as homebuyer seminars and lobby days.

Please Note

CU Realty no longer offers services in the state of New York.

Please ensure advertising materials reflect this change.

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