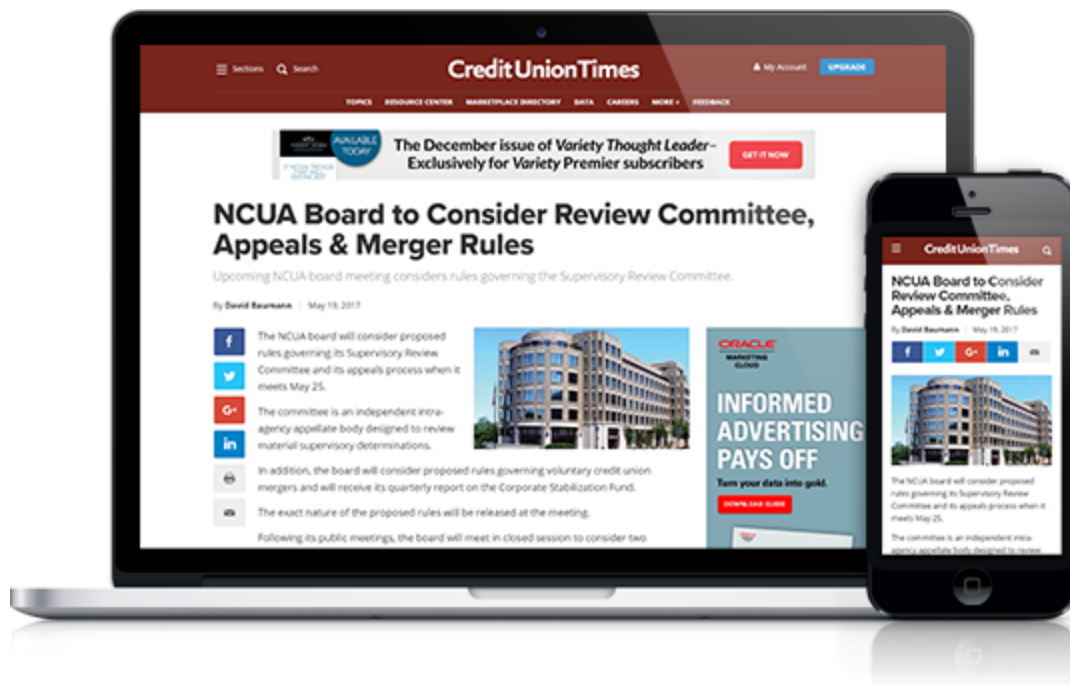


# In Groundbreaking Joint Venture, OnPoint Community CU Partners with Countrywide Mortgage to Broaden Mortgage Mix

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PORTLAND, Ore. — Strategic alliances and partnerships pop up all the time in the credit union industry, but some stand out as having the potential to change the way credit unions do business.

That could be the case with OnPoint Community Credit Union's new relationship with Countrywide Mortgage, the nation's largest mortgage lender.

For the first time ever, Countrywide has partnered with a credit union to offer its more than 140 mortgage programs to credit union members via a credit union partner. Countrywide and OnPoint have formed a 50/50 joint venture that operates as a mortgage banker. It is dubbed OnPoint Mortgage, powered by Countrywide.

The joint venture allows the \$2.1 billion OnPoint to offer members a host of mortgage products it could not do on its own without heavy investment and infrastructure changes to support a full suite of mortgages.

“We wanted something that was kind of a unique model. Part of the interest with Countrywide was because they’re in the mortgage business, they’re not competing with us on the deposit side. We didn’t feel we could find the depth of products they offer anywhere else,” said Mary Jane Campbell, senior vice president/marketing and consumer products for OnPoint. Campbell will oversee the new joint venture.

Here’s how it will work. The new entity will hire mortgage representatives to be housed in each of OnPoint’s 11 branches. All of the loans will be on Countrywide’s books and it will service the loans—OnPoint will hold no loans on its balance sheet. OnPoint and Countrywide will split the fee income on the mortgages. OnPoint is hoping to bring in a million dollars of non-interest income during the first year of operation. Building non-interest income is key for the credit union to be able to continue to offer great rates and products, said Campbell. Campbell estimates the new joint venture will do in the neighborhood of \$20 million in loans a month, with the average loan approximately \$225,000. OnPoint has a very successful consumer lending business, yet it’s focused in two products. It will do \$1.4 billion in consumer loans this year, split fairly equally between home equities and auto loans. While it has seen great success with home equities, only 1% of its 177,000 members hold a first mortgage from the credit union. Part of that, is the credit union’s own balance sheet strategy.

“We’ve always done adjustable rate mortgages and keep a lot on our books. But we weren’t able to offer a good solution for a 30-year mortgage. One of the reasons is we didn’t want those 30-year mortgages on our books,” said Campbell.

OnPoint Community President/CEO Robert Stuart said the Countrywide name is well recognized among consumers. Combine that with OnPoint’s strong name in Oregon, and it should spell trust to members. Stuart, who took over for former OnPoint CEO Cliff Dias on Feb. 1, noted that this concept was already at the CU when he took over, but it was pushed to the forefront in the last year.

Stuart has banking roots. He spent 15 years with Bank of America and headed up consumer banking for the Portland Metro market for BofA. He says the Countrywide deal can help OnPoint take away business from the big banks that have a heavy presence in the area known as the I-5 corridor. Stuart is also exploring offering credit cards, a product OnPoint currently does not offer.

Interestingly, Campbell noted that Countrywide has a turnkey process for these types of joint ventures so OnPoint had a model from which to work. Countrywide designed the model to be able to be closed in 90 to 120 days. It does a number of these types of joint ventures with builders to offer financing for new home construction.

OnPoint Mortgage powered by Countrywide is in the process of hiring a manager. That manager will report to Campbell. It will open for business in February of next year. –  
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