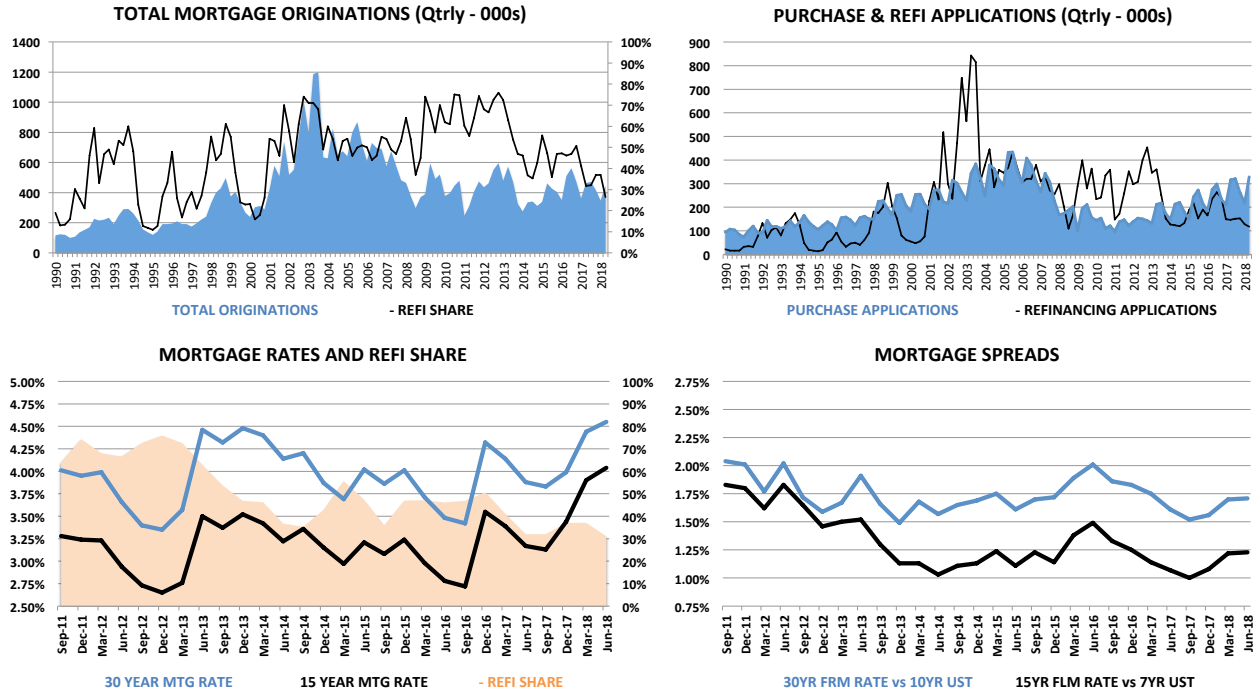


MORTGAGE ORIGINATIONS



(Average)	Sep	Oct	Nov	Dec	Jan-18	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
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MORTGAGE RATES AND PRICING SPREADS:

30yr FRM Rate	3.81%	3.90%	3.92%	3.95%	4.03%	4.33%	4.44%	4.47%	4.59%	4.57%	4.53%	4.55%	4.60%
- Sprd to 10yr UST	1.60%	1.53%	1.56%	1.54%	1.47%	1.47%	1.63%	1.57%	1.62%	1.67%	1.64%	1.67%	0.80%
15yr FRM Rate	3.11%	3.20%	3.29%	3.39%	3.48%	3.79%	3.91%	3.93%	4.07%	4.04%	4.04%	4.00%	4.11%
- Sprd to 7yr UST	2.03%	2.20%	2.24%	2.33%	1.00%	1.00%	1.16%	1.09%	1.14%	1.18%	1.14%	1.14%	0.00%

(000s)	Q4-16	Q1-17	Q2-17	Q3-17	Q4-17	Q1-18	Q2-18	Forecast					
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MORTGAGE ORIGINATIONS:

Total Originations	470	361	463	471	415	346	447	443	370	328	443	450	371
Purchase Application	232	212	316	320	262	218	329	332	270	228	343	350	276
Refinance Apps	238	149	147	151	153	128	118	111	100	100	100	100	95
- Refi Share	51%	41%	32%	32%	37%	37%	26%	25%	27%	30%	23%	22%	26%

MORTGAGE ORIGINATIONS REPORT

(September 2018)..... Home purchase applications has been supported by an improved job market and stronger wage growth while refinance volume remained relatively low - accounting for only 26 percent of total applications - the lowest share in more than five years.

The reduced share of refinancing applications should continue over the next few quarters as a large portion of borrowers have already locked into lower rates.

Current pace on annualized home sales is approximately 5.971 million in August - continuing a downward pace since this past February.

WHAT IT MEANS TO CREDIT UNION STRATEGY

Many credit unions turned to mortgage originations to supplant weak vehicle loan demand during the past recession. As mortgage rates have risen since July 2016, the number of refinancing applications has declined while purchase applications have stabilized.

With home sales on the downward trend, this suggests that mortgage loan demand will most likely continue to decline and with refinancing applications expected to fall below 25% of originations, institutions could find it challenging to cover monthly principal run-off sufficient enough to sustain their current balance sheet allocation.