

What's In It For Me

Income example on the servicing aspect of mortgage lending. This example is from a credit union that produces an average of 3-4 loans a month @ \$82,000 per loan

Credit Union A - servicing analysis

Assumptions:

Interest income on P&I payments are calculated at 2.2% for ten days (current overnight rate from Cencorp)

Interest income on Escrow Balances are calculated at 2.2% for the entire month

Servicing cost proxy is \$6 per loan per month

Net income is equal to Int on P&I plus Int on Escrows plus late fees plus servicing fees minus servicing costs

Month	Portfolio \$	# of loans	P&I Payments	Int Inc on P&I	Escrow Balance	Int Inc on Esc	Late Fees	Servicing fee	Serv Cost	Net Income	Current income
Jan '04	\$2,362,004	29	\$16,819	\$10.14	\$16,012	\$29.36	\$0.00	\$482.59	\$174.00	\$348.08	\$193.04
Feb '04	\$2,471,281	30	\$17,759	\$10.70	\$19,383	\$35.54	\$0.00	\$467.85	\$180.00	\$334.09	\$187.14
March '04	\$2,576,997	31	\$18,430	\$11.11	\$22,482	\$41.22	\$0.00	\$526.83	\$186.00	\$393.16	\$210.73
April '04	\$2,838,461	34	\$19,945	\$12.02	\$21,999	\$40.33	\$24.91	\$538.77	\$204.00	\$412.03	\$215.51
May '04	\$3,184,165	39	\$22,582	\$13.61	\$29,133	\$53.41	\$0.00	\$607.43	\$234.00	\$440.45	\$242.97
June '04	\$3,390,449	41	\$23,918	\$14.42	\$32,015	\$58.69	\$0.00	\$669.39	\$246.00	\$496.50	\$267.76
July '04	\$3,446,734	42	\$24,464	\$14.75	\$23,986	\$43.97	\$0.00	\$681.14	\$252.00	\$487.86	\$272.46
Aug '04	\$3,436,708	42	\$24,464	\$14.75	\$23,880	\$43.78	\$0.00	\$742.83	\$252.00	\$549.36	\$297.13
Sept '04	\$3,674,988	45	\$26,229	\$15.81	\$26,329	\$48.27	\$19.61	\$707.56	\$270.00	\$521.25	\$283.02
Oct '04	\$3,785,505	46	\$26,949	\$16.24	\$31,131	\$57.07	\$34.89	\$774.93	\$276.00	\$607.14	\$309.97
Nov '04	\$3,779,889	46	\$26,790	\$16.15	\$37,047	\$67.92	\$101.30	\$814.90	\$276.00	\$724.27	\$325.96
Dec '04	\$4,002,637	49	\$28,181	\$16.99	\$22,530	\$41.31	\$0.00	\$803.86	\$294.00	\$568.15	\$321.54
				\$166.68		\$561	\$180.71	\$7,818.08	\$2,844.00	\$5,882.33	\$3,127.23

Net income on an existing portfolio of 49 loans is \$5,882.33

Average net income per loan is \$12.41 per loan per month or \$148.92 per year. Compare this to your average income per member per year.

Benefits:

Increased profitability on your existing portfolio and new Rural Development loans

mortgage payment processing at your branches

Future capability of your members to access their mortgage data through your web site