Community Banks Accelerate Residential Real Estate Recovery By Offering Mortgage Warehouse Lending to Local Mortgage Bankers

- Low risk lending to mortgage businesses adds fee income and boosts local economy -

July 21, 2009 – Denver, CO – Community banks that add mortgage warehouse lending to their commercial lending services not only make it possible for local mortgage businesses to operate, but they also play a role in stimulating local economies by energizing real estate markets, according to Titan Lenders Corp, an outsource services provider for mortgage lenders and their warehouse line providers.

As of Q2 2009, less than $25 billion in warehouse line capacity was available to independent mortgage bankers—versus MBA estimates for anticipated demand of $2.78 trillion in originations for 2009, up from $1.6 trillion in 2008. For lack of warehouse lending capacity, a $32 billion shortfall in home mortgage financing availability is conceivable. (http://www.housingwire.com/2009/03/24/mba-originations-could-top-27-trillion-in-2009/)

“The disparity between supply and demand for warehouse line capacity for independent mortgage bankers is constricting the recovery of entire communities,” said Titan Lenders Corp founder Mary Kladde. “We know this because of the increasing number of calls we receive from mortgage bankers that are desperate for warehouse capacity, ironically on the lowest risk product our industry has produced in more than a decade.”

Currently, warehouse lending by depository institutions is subject to a commercial lending risk assessment rather than the lesser risk-based capital requirements associated with direct mortgage lending. In the current lending environment, almost every loan being originated is either agency- or government-backed implying relatively minimal risk for these loans. (http://www.housingwire.com/2009/03/27/mba-change-risk-weighting-for-warehouse-credit/)

“Clearly, lowering the risk-based capital requirements for warehouse lenders will encourage greater warehouse line lending participation by community banks,” said Kladde. “In the meantime, institutions that take a leadership role in their communities by partnering with independent mortgage bankers will help ensure the liquidity required for a healthy residential real estate recovery, and add normal fees associated with warehouse line lending to their income.”

Community depositories that extend their role in warehouse lending--both as a strategy for offering comprehensive business banking and lending services to local independent mortgage bankers, and as a commitment to the vitality and stability of their local economy, will also ensure that Big Banks are not the only ones to profit from warehouse lending to community-based mortgage lenders.

“Independent mortgage bankers and their advocates are making it a priority to build the case for a deeper understanding of community-based warehouse lending’s role in the long-term sustainability of the local mortgage economy,” said Titan sales VP Ruth Lee. “If they are successful, it may be possible to avoid and correct systemic errors that resulted from too great a disconnect between short-term source of mortgage funds and the localized loan collateral."

Titan's warehouse lending service platform for community institutions includes collateral management, line reconciliation, and technology infrastructure, providing local institutions the same operational support as any warehouse line lender. Titan's service platform provides a variable cost solution to micro warehouse lending with specific focus on the needs of community depository institutions.

About Titan Lenders Corp

Titan Lenders Corp. is one of a specialized few providers of mortgage back office fulfillment services, a not-well-understood facet of mortgage lending that includes closing, funding, and post closing services. Community banks, credit unions, mortgage bankers and brokers use outsource providers strategically to minimize compliance risks in a time-sensitive error-averse environment. Fluctuations in mortgage lending volume also lead some lenders outsource their entire back office operation and secure predictable "per transaction" pricing rather than maintaining an inflexible static in house staff.

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