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Outsourcing to Help Broker/Bankers

By Anthony Garritano

DENVER -- As brokers look to become bankers, handling closing and post-closing is foreign territory. So, Heritage Mortgage LLC looked to Titan Lenders Corp. to outsource those functions. "I was referred to Titan by one of my warehouse lines," explained Mark Clem, president and CEO, Heritage Mortgage. "We had two warehouse lines and National City didn't want us to do any doc prep. The other line didn't

have a position either way. As we become a new lender, outsourcing closing and post-closing has helped us.

"I've been doing this for over 20 years and I have a lot of secondary experience. Our ultimate goal was to become or acquire a bank. In order to get there we needed to have more control and move from a broker to a lender.

"From a cost perspective, from a quality control perspective, it's a pass-through cost to outsource. Our loans have been on the warehouse line just six to seven days because of this decision. That's phenomenal," pointed out Mr. Clem. "I'm also able to multitask my people instead of having them deal with closing."

But why transition to a lender given the current market conditions? "I can't be concerned about the market," answered Mr. Clem. "This is a relationship business. Good Realtors are still selling and we want that business. We're doing A-paper and if we do B-paper we'll broker it. We're in a growth mode, not in a pull-out mode."

"Actually, it's safer now for brokers to become bankers given the type of programs in the market," added Titan Lenders Corp. founder and CEO Mary Kladde. "There's less risk with Fannie and Freddie paper. So, these are less risky loans. As we go back to A-paper lending it's a good time to make the transition.

"Heritage Mortgage is a very typical client for us. This is the type of client that we want. We'll define how the warehouse line works, how MERS works, etc. We'll partner up with the lender and help them along.

"Historically when lenders get busy they throw bodies at processes, but now body-intensive lenders will look at outsourcing. As things get tighter, there will be more interest," said Ms. Kladde. "There will be a continual progression to onshore, not offshore outsourcing. Lenders want to deal with people who understand the business and can act as an extension of their staff without all the overhead.

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