

## **Mortgage Warehouse Lending Offers Private Equity Funds “Safe Bet” Conservative Investment with Early Return, says Titan Lenders Corp**

*- Expert outsource services and platform provider reduces risk and overhead with fixed, per unit pricing -*

April 7, 2009 – Denver, CO – Private equity funds can achieve more immediate return on investment by funding mortgage warehouse line loans for mortgage bankers (<http://www.titanlenderscorp.com/warehouse-lenders.htm>) that originate 100% government-backed loans tagged for purchase by a GSE, according to U.S. mortgage lending services outsource expert Titan Lenders Corp ([www.titanlenderscorp.com](http://www.titanlenderscorp.com)).

Mortgage warehouse lenders add liquidity for independent mortgage bankers by allowing them to temporarily fund mortgages at the closing table rather than waiting out the process of shipping loans to investors to replenish operating capital. In March, Titan launched a warehouse lending operations service platform that can speed private equity fund entry into a structured investment that collects interest at approximately 3 – 5 basis points per diem for a 15 – 30 day duration (<http://www.titanlenderscorp.com/News.htm>).

Some mortgage banks have already discovered the option of establishing a warehouse line through private equity. GMI Home Loans (<http://www.gmihomeloans.com/>), a New Jersey retail mortgage banker originating approximately \$500 million per annum in conventional, FHA and reverse mortgages, encountered liquidity challenges soon after its launch in 2007 when access to warehouse line facilities began shrinking industry wide. GMI turned to NVC Premier Fund LLC, an entity managed by New Vision Capital Partners, LLC, for its funds, and worked with Titan Lenders Corp to develop a warehouse line process management platform.

“As a matter of necessity, we went outside the box to secure reliable liquidity for our business, and found a private equity source to fund our warehouse line,” said GMI Home Loans founder and president Glen Lemeshev. “Making it work for our correspondent investors required that we secure a third-party administrator and custodian, and put into place processes and safeguards that ensure our loans are accepted for purchase by them.”

“Wall Street’s volatility and a general degradation of quality in the bond market offer a stark contrast with warehouse line lending, which offers a solid return on an extremely low risk investment,” said Titan Lenders Corp founder and president Mary Kladde ([http://www.titanlenderscorp.com/people/mary\\_kladde.htm](http://www.titanlenderscorp.com/people/mary_kladde.htm)). “Considering that today’s residential real estate loans are of the highest caliber in 15 years, and the product mix is limited to agency and government backed loans, the stage is set for private equity investment into mortgage warehouse line lending.”

As noted in Titan Lenders Corp blog posts (<http://titanlenderscorp.com/blog/>) since 2005, the number of financial institutions offering warehouse lines of credit to independent mortgage bankers declined from nearly 115 at its peak to now fewer than 30. As conventional fixed mortgage rates dip to historic lows, the scarcity of bridge financing is keeping reputable mortgage bankers on the sideline and impeding progress in the mortgage market recovery. According to Titan, private equity funds can fill the gap between loan origination and ultimate investor with minimum start up and operating costs by outsourcing the technology infrastructure and process management.

“Private equity funds that operate warehouse lines under a variable cost model with embedded technology can enter the market without major infrastructure investment.” said Titan Lenders Corp vice president for sales Ruth Lee. “They can also pilot programs on a smaller scale, taking their capital to market in a highly structured, process-driven environment. When these processes are refined and perfected, funds can scale up, down, regionally, nationally, conforming or niche.”

Private equity funds that provide warehouse line lending to mortgage bankers should partner with an expert provider that has a solid understanding of mortgage warehouse line lending, origination, investment and regulation, according to Kladde.

Titan offers fulfillment services and expertise to execute a warehouse line, limiting the required technology investment, which can be prohibitively expensive up to \$500K. Titan provides a broad scope of operational expertise for both the primary and secondary mortgage markets, offering a unique perspective on investor requirements to purchase loans; how to forestall salability issues; clarify process and procedures necessary to avoid repurchase, fraud and errors in production effecting salability; and take corrective measures quickly and efficiently in the event of worst-case scenarios.

Titan’s warehouse lending service platform includes collateral management, line reconciliation, and technology infrastructure, providing private equity fund managers the same operational support as any warehouse line lender.

#### 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 private equity funds 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.

Contact Mary Kladde at [mary.kladde@titanlenderscorp.com](mailto:mary.kladde@titanlenderscorp.com).

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