



# Amplifying Our Collective Voice

7<sup>th</sup> Annual Native CDFI Capital Access Convening  
June 28-30, 2022 • Virtual

## Becoming a Mortgage Broker

Homeownership Council of America's CLIMB  
Community Lending Initiatives in Mortgage Banking

Special Thanks to This Year's Sponsors



Northwest Area  
Foundation

**Bank of America**



# Meet Our Partners at Fannie Mae



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Homeownership  
Council of America

**Welcome!**  
**CLIMB with HCA;**  
**Becoming a Mortgage Broker**



# About HCA



## National Nonprofit

- As a 501c3, we serve our mission by providing unique services to other nonprofits, CDFIs, and community lenders supplying access to credit for the underserved.

## Uniquely Experienced

- Our team brings a long history of mortgage lending, nonprofit housing, HUD-approved services, and CDFI management.

## Effective and Impactful

- We have transformed each organization we work with, bringing them valuable knowledge, concrete processes, enhanced product offerings, and a better-prepared team. We facilitate growth and success.



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# Our Mission



***Building equitable access to credit for  
America's underserved communities.***

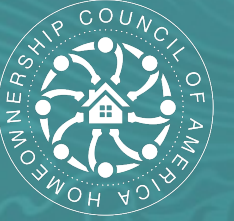


**We work with CDFIs, Investors, and others to build LMI and minority credit access, products, and mortgage delivery systems.**



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# Today's Objectives

- Evaluate your organization's potential lending abilities.
- Understand the steps necessary to build a mortgage brokerage.
- Determine the roles and staffing needs for launching a mortgage brokerage.
- Identify potential lending relationships.



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# What is a Mortgage Brokerage?

- A Mortgage Brokerage is a licensed entity who works as the middleman between homebuyers and home loan lenders.
- Mortgage Brokerages employ Mortgage Loan Originators (MLO) to work directly with prospective homebuyers or homeowners wishing to refinance a current home loan to connect them with the best-fit mortgage lender for their financial needs.
- Mortgage Brokers do not lend their own money.
- Mortgage Brokers do not underwrite or approve mortgages. They originate, prepare and submit mortgage applications to a mortgage lender.



# What is a Mortgage Brokerage?

## Mortgage Broker



BRINGS BORROWERS &  
MORTGAGE LENDERS  
TOGETHER



HELPS BORROWERS  
FIND THE BEST  
MORTGAGE THROUGH  
A VARIETY OF LENDERS'  
PRODUCTS & QUOTES



PAID BY LENDERS TO  
ORIGINATE THE LOAN  
(GENERALLY 2-2.5%)



RESPONSIBLE FOR  
BORROWER  
COMMUNICATION  
FROM APPLICATION TO  
APPROVAL

## Direct Lender



A BANK OR FINANCIAL  
INSTITUTION THAT  
APPROVES & FUNDS  
MORTGAGE LOANS



LENDING ITS OWN FUNDS  
FOR A SUITE OF  
PRODUCTS



COMPENSATED FROM  
LOAN SALES TO  
INVESTORS & A VARIETY  
OF FEES & CHARGES



RESPONSIBLE FOR  
FINAL PROCESSING &  
DISCLOSURES,  
UNDERWRITING,  
CLOSING/FUNDING



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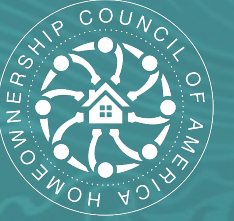


# Questions & Answers



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# Steps to Becoming a Brokerage



Board Approval



Review NMLS Mortgage Broker License Checklist for your state (exempt/non)



Identify Qualifying Individual

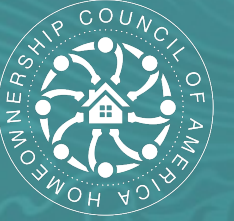


Address staffing gaps



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# Steps to Becoming a Brokerage



Review current insurance policies for any additional needs (E&O/Professional)



Obtain Surety Bond, if required.



Submit application to NMLS.



Receive approval.



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# Questions & Answers



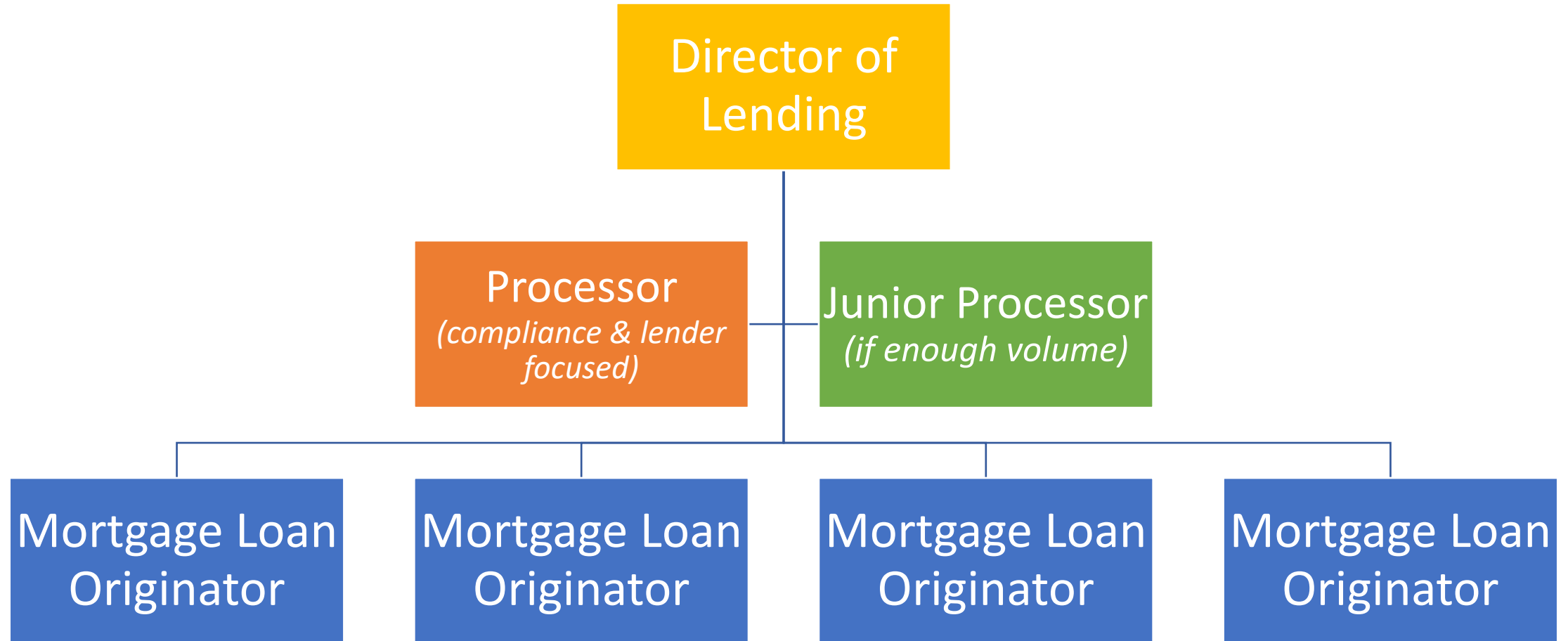
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# Mortgage Brokerage Staff Structure



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# Typical Volumes Per Position

- **Processors for Brokers can handle 40 active loans in their pipeline.**
  - Note: Origination of both a 1<sup>st</sup> and 2<sup>nd</sup> / DPA should count as **two** loans.
  - Half of an active pipeline can close each month. Average 10-20 closings.
  - The number of closings should be matched with new files to maintain a full load and consistent closings.
- **MLOs should produce 3-5 loan closings per month, and 5-9 new applications**
  - **The typical ratio of MLOs to Processors is 3 MLOs : 1 Processor.**
  - MLOs are typically commissioned salespeople.





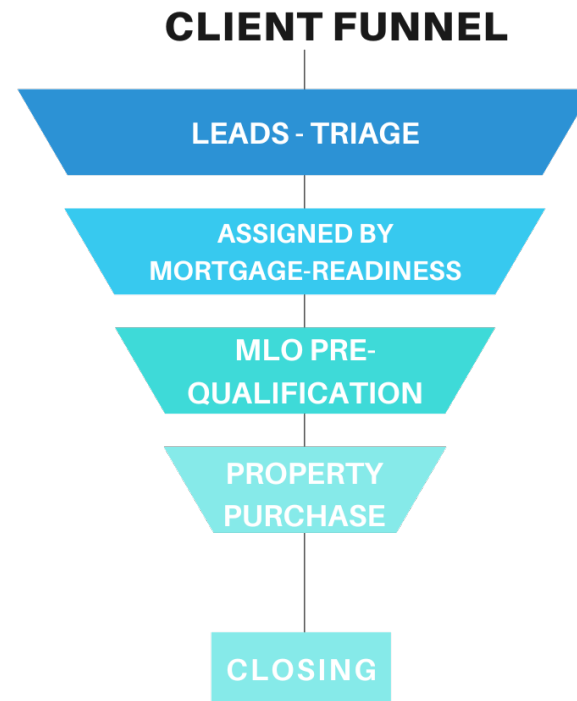
# Questions & Answers



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# Client Sales Funnel

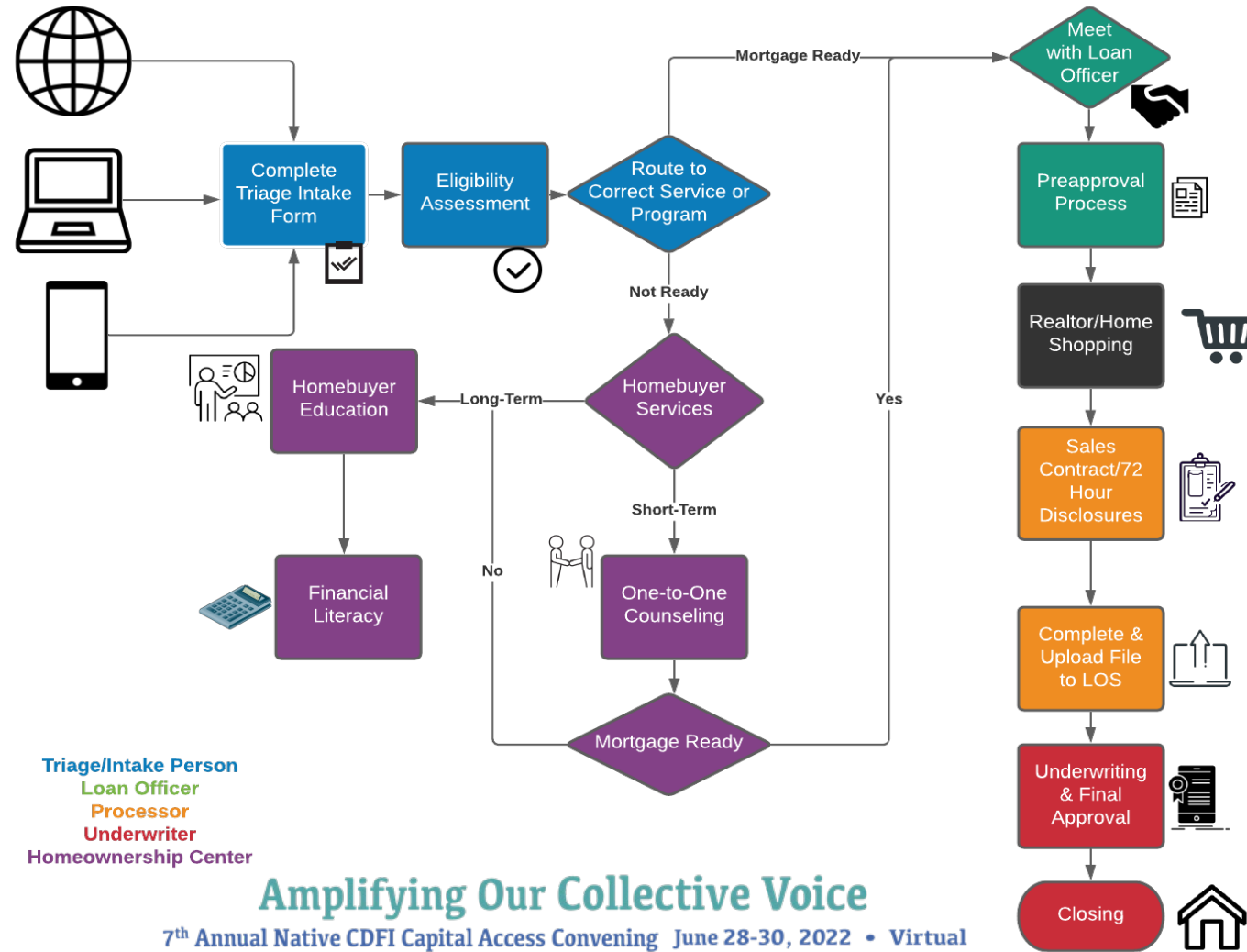


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# Client Journey





# Questions & Answers



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# Finding Wholesale Lending Relationships

Rank	Company	Headquarters	Wholesale Volume	Total Volume	% Wholesale Volume	Total Closed Loans	Originators	States	Yrs. In Biz
1	United Wholesale Mortgage	Pontiac, MI	\$226,503,692,507	\$226,503,692,507	100%	654,450	-	50	35
2	Homepoint	Ann Arbor, MI	\$69,450,704,346	\$96,203,394,199	72%	280,744	58	50	7
3	loanDepot	Foothill Ranch, CA	\$20,819,057,935	\$137,020,699,048	15%	392,832	1841	50	12
4	Caliber Home Loans Inc.	Coppell, TX	\$20,807,139,523	\$80,996,303,092	26%	266,797	1617	50	14
5	PennyMac Loan Services LLC	Westlake Village, CA	\$16,759,314,000	\$234,467,185,026	7%	789,153	593	49	15
6	Newrez LLC	Fort Washington , PA	\$9,148,926,138	\$97,613,762,243	9%	336,896	510	50	14
7	Homebridge Financial Services	Iselin, NJ	\$7,714,495,837	\$23,474,293,899	33%	64,476	697	49	33
8	Finance of America Mortgage	Conshohocken, PA	\$6,551,748,241	\$29,434,385,007	22%	80,399	1390	50	7
9	Plaza Home Mortgage	San Diego, CA	\$6,495,810,838	\$11,337,230,655	57%	36,611	-	50	22
10	Paramount Residential Mortgage Group Inc.	Corona, CA	\$5,192,272,773	\$16,925,552,060	31%	53,297	1019	48	20



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# Offer a Full Range of Loan Product Options



Offering something for everyone is important to both clients and partners, and gives you a range of loan options to “shop” with and for your borrower:

- HUD 184
- USDA
- Conventional
- FHA
- VA
- State HFA



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# Questions & Answers



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# Running a Mortgage Brokerage

Identify investors (Quicken, United Wholesale, etc.) and gain approvals

Hire Mortgage Loan Originators – Commissioned Salespeople.

- Determine the best way to “shop” and compare all your wholesale loan product options for your customers

Each MLO should originate 3 loans per month.

Ensure you have a well-trained processor to support your MLOs.

- Training available through Mortgage Bankers Association
- Each wholesale lender will have training supports for their brokers

Market your services to Realtors, partners, and the community you serve consistently.

- Focus on great customer service – lending has proven to be more of a service than a product business.



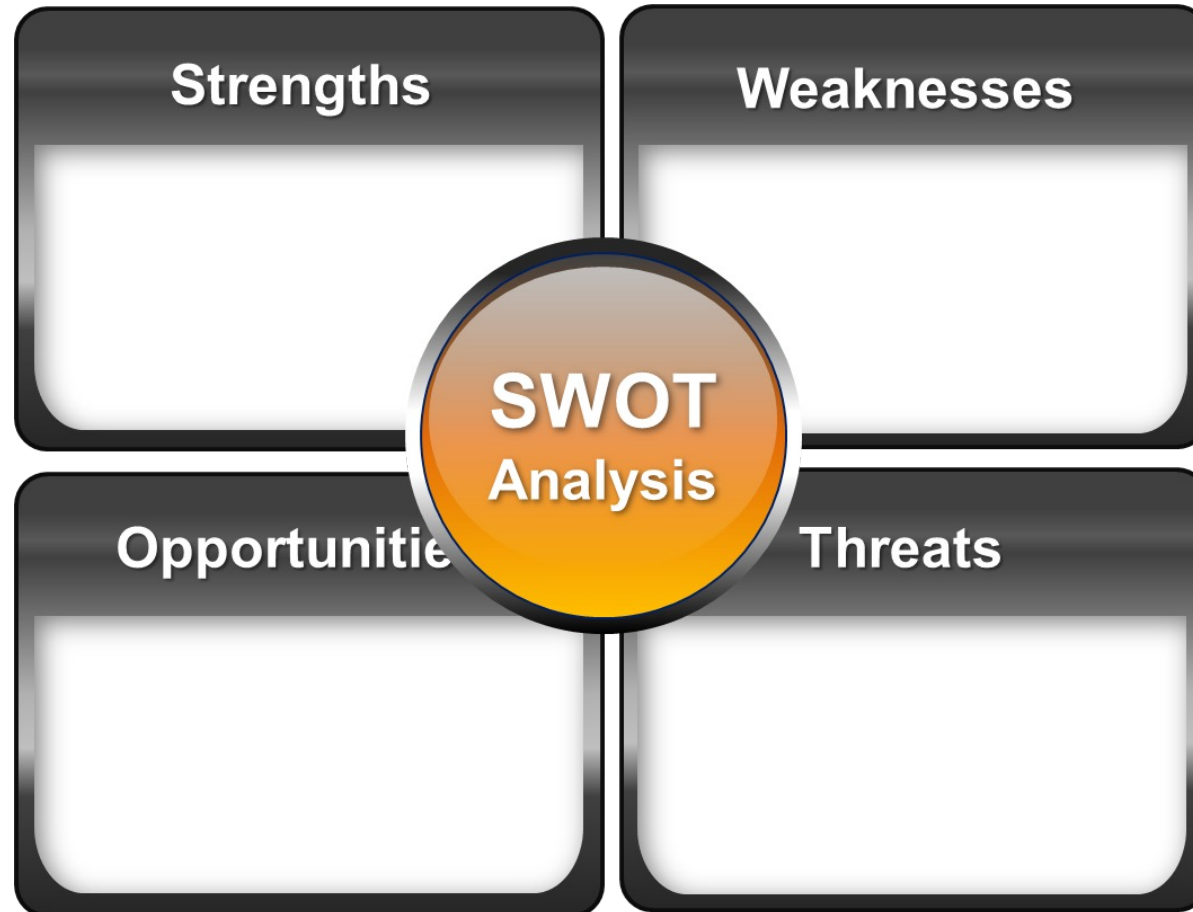
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# Evaluating Your Organization

- Lots of demand and new clients meeting org.
- Natural partners with referral sources
- DPA to leverage 1<sup>st</sup> mortgages
- Market growth and new inventory
- Build on existing 2<sup>nd</sup> mortgage/DPA offering
- 1-Stop for homebuyers



- Low demand or client volumes
- Lack of referral partners
- No experienced lending staff
- Only attracting low and very low-income clients
- Little to no capital to launch new brokerage
- Lack of home inventory
- Competition in market



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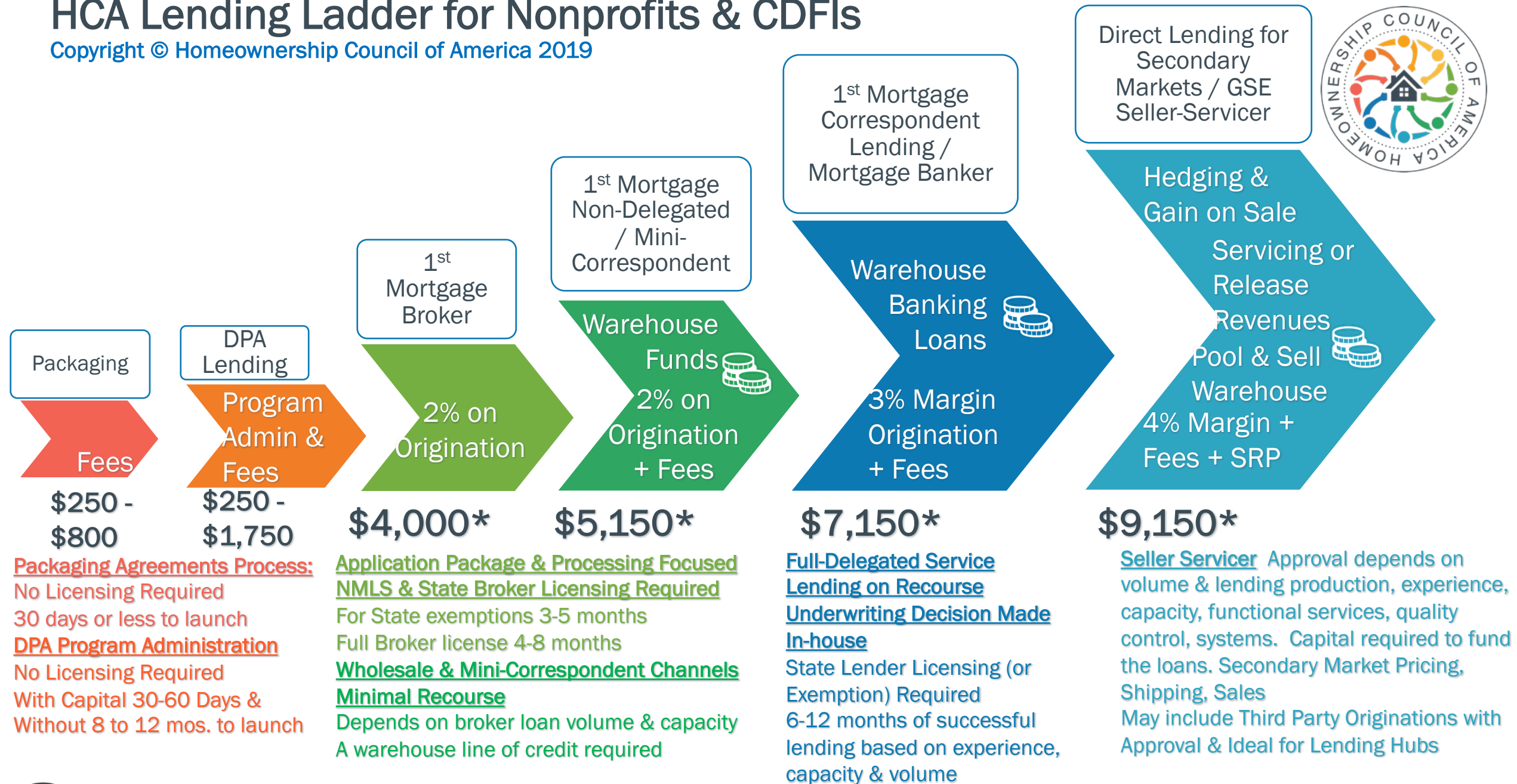
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# HCA Lending Ladder for Nonprofits & CDFIs

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Warehouse Line of Credit in Nonprofit Name Funds Loan

\* \$200,000 1<sup>st</sup> Mortgage Loan Amount Example



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***HCA Community Nonprofit Partners in Lending  
Capacity Building Overview***



## Contact HCA

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