

# Mortgage Banking Overview

## Broker to Banker

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# Broker to Mini-Correspondent

## Mortgage Broker (wholesale)

- takes application
- sends application to Lender
- receives YSP payment from Lender

## Mini Correspondent

- same as Broker but Investor funds loan in Broker name
- often to circumvent disclosure of YSP



# Banker Stage 1

## Stage 1 - Beginning Banker - Capital \$500K

- One captive warehouse line
- Non-delegated underwriting loans sold to one or two investors
- Conventional only: no underwriting employee
  - Underwriting Employee required for FHA
- Servicing released
- QuickBooks Accounting and CMS
- Volume of approximately \$60 million per year



# Banker Stage 2

## Stage 2 – Competent Lender – Capital \$2 million

- Multiple warehouse line with few restrictions
- Delegated underwriting to multiple investors
- Underwriting employee for FHA loans and conventional
- Servicing released
- QuickBooks Accounting and CMS
- Volume of approximately \$300 million per year



# Banker Stage 3

## Stage 3 – Hedging Begins – Capital \$5 million

- Same as 2
- Add broker dealer trade lines
- Warehouse bank approved hedging
- Accounting is more sophisticated
- Internal reporting is more sophisticated
- QuickBooks Accounting or better; CMS
- Volume of approximately \$900 million per year



# Banker Stage 4 & 5

## Stage 4 – Hedging Competency

- Same as 3
- Achieved Hedging Competency

## Stage 5 – Servicing Retained Begins – Capital \$10 million

- Same as 4
- Add Servicing Capability
- Ability to support cash-flow impact of retaining servicing
- Accounting is more sophisticated
- Internal reporting is more sophisticated
- Volume of approximately \$2 billion per year



# Banker Stage 6 & 7

## Stage 6 – Servicing Competency

- Same as 5
- Achieve Servicing Competency

## Stage 7 – Agency Securitization – Capital \$20 million

- Same as 6
- Add custodial relationship and MBS approval
- Has well run servicing platform
- Volume of approximately \$4 billion per year



# Banker Stage 8 & 9

## Stage 8 – Securitization Competency

- Same as 7
- Competency in Securitization

## Stage 9 – REMIC & REIT & Private Label –

- Same as 8
- Increase Capital \$50 million
- Add top tier capital markets presence





# Banker Stage 10

## Stage 10 – As Good As it Gets

- Profitable
- Stable
- Efficient
- Compliant in all areas
  
- May or may not include Stage 9
- Volume of \$4+ billion



# Road Map to Success

MBS can provide you with your  
Road Map to Success to  
Achieve any Stage of  
Mortgage Banking

For More Information Contact:  
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