

Titan Seeks to Boost Warehouse Capacity

BY BRAD FINKELSTEIN

DENVER—The founder of Titan Lenders Corp. here, after recently lamenting about the lack of warehouse capacity, has sprung into action to help create a solution to that problem.

Mary Kladde, president of Titan, has been outspoken in the need for an increase in the availability of warehouse funds, even going as far as calling for the government to use Troubled Asset Rescue Program money for this purpose.

Now, Titan has launched a warehouse lending operations service platform to facilitate community bank and credit union entry into warehouse lending. The platform helps regulated institutions sustain a prudent level of due diligence, compliance and profitability when offering bridge financing required by non-depository mortgage bankers.

Since she first went public with her call for the use of TARP funds to serve as interim funding for mortgage loans, a few community banks, which have the capital to lend and the relationships with local mortgage bankers but lack the expertise to execute a warehouse lending program, have contacted Titan, she said. Mortgage bankers have started to turn to their local banks because they are seeking warehouse providers as their old sources are exiting the business.

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Meanwhile, the government, either through TARP or the agencies it controls — Ginnie Mae, Freddie Mac and/or Fannie Mae — have “been slow to move” to fill the void, she declared.

Titan will provide the back-office outsourcing service on a per transaction basis. “Regional banks, community banks and credit unions could be great resources for local mortgage bankers that have lost, are in risk of losing, or need to increase the capacity of their warehouse line, at a time when purchase and refinance activity is picking up,” said Ms. Kladde.

It was not hard for Titan to put together a platform, she said, and it is able to offer it at a fraction of the cost to community banks compared with others who provide this technology.

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

Community banks are seeing a profit opportunity, with a transaction that has very little risk for them, she said. A line typically turns in 15 to 30 days, so it is a short-term risk. There are very few places where these institutions, typically conservative in nature, can invest their funds.

Having this type of program, said Ms. Kladde, is a way to support their community and local businesses plus make a profit. “We calculate that the margin they will make is between 3.5% and 4.5%,” depending on if they do all the back office work themselves or using a service like Titan’s, which has a variable cost structure.

“Our big sell is our service and our expertise. We can complete the funding

review and deliver the collateral package to the investor and we can track it all. We can do it all within our system, which is secure and do it in a Web-based environment so that they can see what’s going on as it’s going on, so that they have complete and total visibility.

“We provide the expertise to execute the process, so they don’t have to have it in house,” Ms. Kladde said.



MARY KLADDE,
President of Titan Lenders Corp., says, “Regional banks, community banks and credit unions could be a good resource for local mortgage bankers that have lost ... their warehouse line.”