Testimony of

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on

"FHA Oversight of Loan Originators"

before the

U.S. House Financial Services Committee

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Chairman Frank, Ranking Member Bachus and members of the Committee, thank you for inviting NAMB to testify today on ways that the Department of Housing and Urban Development (HUD) and the Federal Housing Administration (FHA) may improve oversight of loan originators. In particular, we appreciate the opportunity to address the implications of the increasing role of FHA, methods by which FHA could more effectively monitor compliance of FHA originators, and the need for increased funding and staffing for FHA.

NAMB is the only national trade association exclusively devoted to representing the mortgage brokerage industry, and as the voice of the mortgage brokers, NAMB speaks on behalf of members in all 50 states and the District of Columbia. NAMB members are typically small business men and women with four to seven employees, who adhere to a strict code of ethics and best lending practices when presenting consumers with an array of mortgage financing options from which they can choose. Mortgage brokers typically maintain business relationships with various lenders so they can offer a variety of loan products for their customers to choose from. Our members play a critical role in helping the American economy and in making the dream of homeownership a reality for American families.

I. The Risk to the FHA Program

FHA mortgage insurance was created to help provide lenders with protection against losses as the result of homeowners defaulting on their mortgage loans. The lenders bear less risk because FHA will pay a claim to the lender in the event of a homeowner's default. The insurance pool is paid for by premiums that homeowners pay when they utilize the program.

Although there is now some concern regarding the subprime industry entering the FHA market, existing rules and policies to some extent prevent this from happening. There are some significant differences between subprime and FHA originated loans. Borrowers that utilize the FHA program have to adhere to higher standards than they would in the subprime market, have down payments and are expected to meet strict loan-to-value ratios. Subprime and other high risk loans often had prepayment penalties and/or negative amortization. FHA loans do not permit these actions. Also, FHA loans are required to be made on owner-occupied primary residences, cannot be made on second homes or be non-owner occupied, and cannot be no-income or stated-income loans. Additionally, a large number of subprime loans that were made were on investment properties, second homes, or were no-income or stated-income loans

Although the controls in place in the FHA program will help to prevent losses similar to those seen in the subprime market, one must realize that FHA was created to absorb risk to lenders. If HUD is able to identify problematic individuals, properly monitor its mortgagees and is empowered to disbar them in a reasonable time frame, losses from that source should be minimal. However, even conservative mortgage lending is expected to have some losses. For decades, FHA has been able to absorb its losses from premiums collected. FHA was designed to promote homeownership in good markets and difficult markets. In times of economic instability, FHA premiums may need to be adjusted to cover added risk. In order to provide stronger protection to the FHA insurance pool, NAMB believes Congress should allow risk-based pricing for FHA premiums or implement a complete government subsidy of FHA loans. Even if Congress decides a subsidy is required, it would be considerably less expensive than many other stimulus programs already being implemented.

On October 1, 2008, the U.S. Department of Housing and Urban Development (HUD) implemented a one-year moratorium on the Federal Housing Administration's (FHA) Risk-Based Premium structure pursuant to the Housing and Economic Recovery Act of 2008 (HERA). NAMB supports lifting the moratorium so that the risk to the FHA fund is balanced by the premiums paid by borrowers.

The ability to match borrower characteristics with an appropriate mortgage insurance premium has been recognized as essential by every private mortgage insurer (PMI). PMI companies have established levels of credit quality, loan-to-value, and protection coverage to aid in this matching process. These companies also offer various programs that allow for upfront mortgage insurance premiums, monthly premiums, or combinations of both. This flexibility has enabled lenders to make conventional loans that are either not allowable under FHA or present a risk level that is currently unacceptable to FHA.

FHA is essentially a government mortgage insurance provider. Where FHA mortgage insurance is not available, PMI companies are free to increase premiums without fear of losing market share to a more competitively priced FHA loan product. FHA should be permitted to balance risk with premiums charged in order to increase competition and ultimately drive down costs for consumers. Since FHA is not required to make a suitable profit or demonstrate market growth to shareholders, it is likely that FHA can afford to assume greater risk levels than PMI companies can currently absorb. This increased capacity to assume and manage risk will allow FHA to not only serve borrowers who presently do not have PMI available as a choice, but also those borrowers whose premiums will be reduced because of the increased competition in the market.

II. Mortgage Brokers & FHA Loans

A mortgage broker is a real estate financing professional or entity that works with both borrowers and lenders, while representing neither, to obtain a mortgage loan. A mortgage broker works with consumers throughout the complex mortgage origination process. Accordingly, a mortgage broker's role may include taking an application; performing a financial and credit evaluation; producing documents; satisfying underwriting conditions; working with realtors; ordering title searches, appraisals, and pay off letters; assisting in remedying faulty credit reports or title problems; and facilitating loan closings.

There are eligibility requirements, including HUD policy and regulatory criteria, a mortgage broker must adhere to in order to become an approved FHA loan originator regarding operations, employees, credit checks and other issues.

FHA classifies approved mortgage originators based on the functions they will perform and type of organization.

A mortgagee may become FHA approved upon meeting HUD's requirements, and submitting an acceptable HUD form 11701, Application for Approval, the appropriate non-refundable application fee, and other materials which are described in HUD's Mortgagee Approval Handbook.

There are three basic types of FHA approved originating mortgagees including a supervised mortgagee who are members of the Federal Reserve and whose accounts are insured by either the Federal Deposit Insurance Corporation (FDIC), or the National Credit Union Administration (NCUA); non-supervised mortgagees (i.e., mortgage lenders) who are not depositories; and finally, non-supervised loan correspondents who are often mortgage brokers that have as their principal activity the origination of FHA-insured mortgages for sale or transfer to one or more sponsors who underwrite the mortgages. A loan correspondent must be sponsored by a fully approved supervised or non-supervised direct endorsement mortgagee, who agrees to underwrite and fund the FHA loan. The loan correspondent can either close the loan in its own name or in the name of the underwriting sponsor. Traditionally, mortgage brokers close in the name of the underwriting sponsor. Mortgage brokers *NEVER* underwrite the FHA loan. An additional level of approval is called direct endorsement, or "DE" which is available to supervised and non-supervised mortgagees. The DE status enables mortgagees to underwrite and close an FHA loan before submitting the loan to HUD for insurance endorsement.

It is important to point out the specific role a mortgage broker plays in originating an FHA loan. The mortgage broker is responsible for taking the consumer loan application, obtaining merged credit reports and importing loan application data. The mortgage broker then enters his/her FHA correspondent ID and the sponsoring wholesaler FHA lender ID. The second step involves sending the borrower's information through Freddie Mac's Loan Prospector or Fannie Mae's Desktop Underwriter system which is programmed with the FHA Total Scorecard underwriting parameters. At this point, the mortgage broker receives a full "FHA Total Scorecard Feedback Certificate." The third step involves the mortgage broker processing the information he/she has collected from the consumer and then sending the full file to the sponsoring lender. Finally, the sponsoring lender reviews the "FHA Total Scorecard Feedback Certificate" and underwrites the loan per FHA requirements and makes the final lending decision.

III. <u>Monitoring of FHA Loan Originators</u>

Each FHA approved mortgagee must renew its approval status annually. HUD reviews information on each mortgagee to determine if continued approval is appropriate. All mortgagees submit an annual verification report. Most pay an annual renewal fee and non-supervised mortgagees and non-supervised loan correspondents must also submit audited financial statements and supplementary reports.

Due to its increased activity, FHA must improve its methods of monitoring the compliance of its mortgagees. NAMB has identified four areas requiring change in order for the FHA to become more effective in compliance and enforcement: (1) removal of the $250,000/$63,000 net worth; (2) identifying originators who are able to operate outside of the requirements of the SAFE Act as established by HERA and requiring them to comply; (3) updating the Neighborhood Watch Early Warning System and expediting the recognition of high default rates; and (4) increasing the efficiency and speed of reviews performed by the Mortgagee Review Board.

A. <u>Net Worth</u>

In order to be FHA approved and remain FHA approved, lender applicants must maintain a net worth of $250,000. Non-supervised loan correspondents must have a minimum net worth of $63,000 plus $25,000 per branch, often creating a net worth requirement similar to lenders. However, net worth is a false predictor of honesty and integrity and a minimum net worth does not indicate the competency of the originators within the company. Current market reality, as witnessed by the 313[1] mortgage bankers, lenders and Wall Street firms that have gone out of business, proves that net worth can disappear quickly and without notice. In addition, there are very large companies who have little or no net worth, some of them without enough to even meet the FHA requirements.

Net worth is not available when a borrower seeks redress. Owners and employees of these large companies can create new companies or sub-companies in an effort to originate FHA loans. When this happens, HUD has no ability to properly identify the offending parties, causing a lack of compliance to perpetuate. There is no evidence to demonstrate that loans originated by high net worth originators perform better than those with a lower net worth.

Instead of the mandate for a net worth requirement, NAMB suggests the implementation of a recovery fund whereby every FHA loan originator must contribute to such fund in order to originate an FHA loan. Similar requirements are standard for any person that wants to become licensed in a state pursuant to the SAFE Act. NAMB suggests that the FHA establish an FHA Recovery Fund to be paid for by FHA loan originators as well.

B. <u>SAFE Act</u>

Currently, HUD does not have an adequate system in place to identify improper prior mortgage practices on the part of the applicant. There are a few eligibility requirements for applicants such as a good credit history, no sanctions, submission of resumes, and minimum staffing; however, in recent years, some individuals have found a way to operate outside of the standards set forth by the FHA.

A recent issue has come to our attention regarding “Non-Approved Counselors” who essentially originate FHA loans and receive a fee for providing this service to consumers. This fee is not paid by the FHA mortgagee, but rather by the consumer from his or her own available funds. The “counselors” do not have to adhere to any of the FHA origination requirements and are not employees or affiliated with the mortgagee, effectively circumventing the process that exists today. They are not even required to be licensed as they are being paid for “counseling” services and cannot take a loan application, verify data or give disclosures; yet they often collect one to two percent of the loan amount which is often thousands of dollars. This loophole essentially allows unlicensed individuals with no credentials or checks to advertise they can provide FHA loans. HUD has banned such consultants or counselors for HECM mortgages but has not done so for forward mortgages.

A key requirement within the SAFE Act is that all originators must undergo a background check and be licensed as part of the National Mortgage Licensing System &

[1] A full list of companies that have filed for bankruptcy as of January 6, 2009 is attached (Attachment A). This list was provided by The Mortgage Lender Implode-O-Meter, http://ml-implode.com/.

Registry (NMLS & R). Since 2002, NAMB has called for the licensure and registration of all mortgage originators through background investigations, testing, and continuing education. These requests were realized through the establishment of NMLS & R. The SAFE Act should help to keep track of all FHA loan originators as they now have to be part of the loan registry created by the Act (which includes fingerprinting and background checks). Since the tracking system created by the registry applies to each individual and not each company, NAMB recommends that the FHA application for loan originators apply to the individual and not just the company. If the application process was set up this way, it would be easier and more efficient for HUD to track bad FHA actors.

C. Neighborhood Watch Early Warning System

In order to monitor compliance, HUD instituted the Neighborhood Watch Early Warning System to identify mortgagees who have an unacceptable default rate. The Neighborhood Watch Early Warning System is triggered when a mortgagee's default rate exceeds mortgages originated within the preceding 24 months, exceeds 200 percent of the default and claim rate within the geographic area served by a HUD field office, and also exceeds the national default and claim rate. The name implies prompt recognition of high default rates. However, 24 months must elapse to achieve a true average. The mortgagee must be notified and has appeal rights. This process is often very slow, and the affected individuals move on to another mortgagee leaving the issue unsolved and the mortgagees unnamed. NAMB recommends that HUD update the Neighborhood Watch Early Warning System and expedite the recognition of high default rates.

D. Mortgagee Review Board

Default is only one indicator of mortgagee problems. Fraud, failure to comply with FHA guidelines and poor practices can create undetected problems, as well. HUD is slow in identifying problems and the Mortgagee Review Board is slow to respond to them. Finally, the courts make it difficult for HUD to recover any losses and it can take years to complete the process. NAMB suggests that HUD put more resources toward improving the Mortgagee Review Board process and insuring its actions and judgments come to fruition.

IV. FHA Resources

In order to increase efficiency and productivity, funding for HUD and the FHA program must increase. The FHA has too few employees reviewing new applicants. It can take up to 6 months to receive an answer back from the FHA as to the status of a mortgage broker's application. With the increase in volume of FHA loans, there is a clear need to increase funding for all areas relating to FHA, particularly including computerization, lender assessment, approval and enforcement. In addition, there is a need for better coordination between HUD and law enforcement, as well as increased enforcement of the Truth in Lending Act and the Real Estate Settlement Procedures Act.

V. <u>FHA Loan Limits</u>

FHA volume has increased in part due to the recently enacted increase in FHA loan limits. As intended by the Economic Stimulus Act of 2008, the temporary increase in loan limits for the FHA (and the Government Sponsored Enterprises [GSEs]) are having a significant impact in high cost areas, particularly in the California housing market. For example, in October of 2007, FHA insured only 688 mortgage loans in the State. In October of this year, after the enactment of the Economic Stimulus Act, FHA insured over 14,000 home loans in California. Clearly, FHA is playing a critical role in providing affordable single family mortgage loans throughout the State.

In November, the Federal Housing Finance Agency (FHFA) announced the 2009 GSE loan limits, and FHA announced their 2009 loan limits, for areas nationwide using the Department of Housing and Urban Development's recalculated home prices. Under these proposed new limits, most areas in California are scheduled to experience significant reductions due to the transition from the terms of last year's stimulus bill to permanent loan limit provisions adopted in P.L. 110-289.

In California specifically, due to the decrease in the loan limits and HUD's resetting of county median home prices, 38 counties will have their GSE loan limit decrease on January 1, 2009, by an average of over $85,000. In addition, 55 counties in California will experience an FHA loan limit decrease on January 1, 2009, by an average of over $104,000. Decreasing the GSE and FHA loan limits will increase the cost of buying a home in California and across the country, exacerbating problems in the housing markets.

To make the situation worse, recent announcements that have been made by the Private Mortgage Insurance companies that they will no longer allow mortgage insurance coverage on loan amounts over $417,000 in the states of: Arizona, California, Florida, or Nevada. Condos have already been dropped by PMIs.

We need to keep affordable mortgage finance available at a time when the housing markets are facing their greatest challenge in 70 years. Any stimulus package that the Congress considers should include a provision to extend these limits, since the housing market is the core issue affecting our economy.

VI. <u>Conclusion</u>

Congress has the opportunity to work with HUD to establish a system that will promote oversight, protect the consumer and revitalize the FHA program by ensuring that individuals across the country are protected both as homebuyers and taxpayers.
We look forward to working with Congress to achieve this objective. NAMB appreciates this opportunity to offer our perspective on FHA oversight of loan originators. I am happy to answer any questions.

Attachment A

FAILED LENDER LIST
List provided by “The Mortgage Lender Implode-O-Meter”
http://ml-implode.com

313 Ivanhoe Mortgage/Central Pacific Mortgage
312. Frontier Investment Co.
311. BankUnited - Wholesale
310. Solstice Capital Group - HSBC
309. MortgageIT
308. HCL Finance Inc. - Wholesale
307. LIME Financial Svcs. - Wholesale
306. Mortgage Network Inc. - Wholesale
305. Fortes Financial - Wholesale
304. HSBC Mortgage Corp. - Wholesale
303. CBRE Realty Finance
302. Franklin Bank, SSB
301. Mortgage Lion, Inc. - Wholesale
300. HMS Capital, Inc.
299. American Sterling Bank - Wholesale
298. CTX Mortgage Co. - Retail
297. Equity One Commercial
296. Coldstream Financial Svcs.
295. Banco Popular North America - Wholesale
294. Ace Mortgage Funding, LLC
293. E-Loan
292. Gateway Bank, F.S.B. - Wholesale
291. First Call Mortgage Co.
290. Downey Savings and Loan - Wholesale
289. Prospect's Metrocities Mortgage - Wholesale
288. ComCor Mortgage - Wholesale
287. Chevy Chase Bank - Wholesale
286. Washington Mutual - Retail and Warehouse
285. Hometown Commercial Capital
284. Mid Atlantic Capital LLC
283. Kemper Mortgage, Inc.
282. Liberty Mortgage Funding Co.
281. Freddie Mac
280. Fannie Mae
279. Pacific Community Mortgage, Inc. - Gold Reverse, Inc.
278. Homecomings Financial, LLC
277. Thornburg Mortgage
276. CSB Mortgage
275. Carteret Mortgage Corporation
274. Accredited Home Lenders, Lone Star Funds - Wholesale
273. Western Residential Mortgage
272. Liberty Home Lending
271. Equipoint Financial Network, Inc.
270. Ideal Mortgage Bankers, Ltd. - Wholesale

269. Silver State Bank - Wholesale
268. Irwin Union Bank & Trust Co. - Wholesale
267. SunTrust Bank Equity Wholesale
266. Wachovia Mortgage, FSB - Wholesale
265. Lehman Brothers SBF
264. IndyMac Bancorp
263. Mortgages Ltd.
262. Wilmington Finance - Wholesale
261. Accredited Home Lenders, Home Funds Direct
260. Assured Lending Corp. - Wholesale
259. Homewide Lending Corporation
258. Vanguard Mortgage & Title, Inc.
257. Chase Home Equity - Wholesale
256. Chase Subprime - Wholesale
255. Evergreen Investment & Carnation Banc
254. Casa Blanca Mortgage/Shearson - Wholesale
253. Guaranty Bank - Correspondent
252. Citi Residential Lending
251. Montgomery Mortgage Capital Company
250. E*Trade Wholesale Lending
249. Shearson Financial Network, Inc.
248. American Bank Mortgage Group - Wholesale
247. AmeriBanc Corp.
246. Washington Mutual - Wholesale
245. Century Bank, F.S.B. - Wholesale
244. Diversified Mortgage, Inc.
243. National Wholesale Funding
242. Centennial Mortgage and Funding, Inc./Award Mortgage
241. Fidelity Home Mortgage Corp.
240. LMI Funding, Inc.
239. Millennium Mortgage - Wholesale
238. Origen Financial, Inc. (Correspondent)
237. CitiMortgage - Home Equity Wholesale
236. Bear Stearns Residential Mortgage
235. East West Mortgage Co. of VA
234. New Vision Residential Lending
233. Washington Savings Bank, F.S.B. - Wholesale
232. Macquarie Mortgages USA Inc.
231. Global Mortgage, Inc.
230. Unique Mortgage Solutions (UMS, LLC)
229. First Franklin - Merrill Lynch
228. First National Mortgage Sources
227. Resource Mortgage (Wholesale)
226. KH Financial
225. Lydian Mortgage
224. OMG Wholesale Lending
223. Saxon Mortgage (Wholesale)
222. Beazer Mortgage Corp.
221. Allpointe Mortgage (Broker Program)
220. Popular Warehouse Lending
219. Allied Lending Corp. (Wholesale)

218. BF Saul Wholesale Lending
217. Community Resource Mortgage
216. Lehman/Aurora Loan Services
215. Residential Mortgage Capital
214. Maverick Residential Mortgage
213. Countrywide Financial Corp.
212. First NLC Financial Services
211. First American Bank (Wholesale)
210. Soma Financial
209. National City Corp. (Wholesale)
208. Heartland Wholesale Funding
207. Homefront Mortgage Inc.
206. PNC Bank H.E.
205. Family First Mortgage Corp.
204. First Fidelity Financial
203. BSM Financial
202. 1st Choice Mortgage
201. Wescom Credit Union
200. Coast Financial Holdings/Coast Bank
199. WaMu (Subprime)
198. First Madison Mortgage
197. Southern Star Mortgage
196. TransLand Financial
195. Secured Bankers Mortgage Company (SBMC)
194. ComUnity Lending
193. Delta Financial Corp
192. BayRock Mortgage
191. Empire Bancorp
190. Option One - H&R Block
189. Citigroup - FCS Warehouse
188. Charter One (Wholesale)
187. Wells Fargo - Home Equity
186. Paul Financial, LLC
185. Webster Bank (Wholesale)
184. Fieldstone Mortgage Company
183. Tribeca Lending Corp. (Wholesale)
182. WAMU Comm. Correspondent
181. Marlin Mortgage Company
180. Countrywide Specialty Lending
179. UBS Home Finance
178. MortgageIT-DB (Retail)
177. Edgewater Lending Group
176. ResMAE Mortgage Corp.
175. Citimortgage Correspondent (2nds)
174. AMC Lending
173. Liberty American Mortgage
172. Exchange Financial (Wholesale)
171. FirstBank Mortgage
170. Bank of America (Wholesale)
169. Diablo Funding Group Inc.
168. Honor State Bank

167. Spectrum Financial Group
166. Priority Funding Mortgage Bankers
165. BrooksAmerica Mortgage Corp.
164. Valley Vista Mortgage
163. New State Mortgage Company
162. Summit Mortgage Company
161. WMC
160. Paragon Home Lending
159. First Mariner Wholesale
158. The Lending Connection
157. Foxtons, Inc.
156. SCME Mortage Bankers
155. Aapex Mortgage (Apex Financial Group)
154. Wells Fargo (various Correspondent and Non-prime divisions)
153. Nationstar Mortgage
152. Decision One (HSBC)
151. Impac Lending Group
150. Long Beach (WaMu Warehouse/Correspondent)
149. Expanded Mortgage Credit Wholesale
148. The Mortgage Store Financial
147. C & G Financial
146. CFIC Home Mortgage
145. All Fund Mortgage
144. LownHome Financial
143. Sea Breeze Financial Services
142. Castle Point Mortgage
141. Premium Funding Corp
140. Group One Lending
139. Allstate Home Loans / Allstate Funding
138. Home Loan Specialists (HLS)
137. Transnational Finance Wholesale
136. CIT Home Lending
135. Capital Six Funding
134. Mortgage Investors Group (MIG) - Wholesale
133. Amstar Mortgage Corp
132. Quality Home Loans
131. BNC Mortgage (Lehman)
130. First National Bank of Arizona
129. Chevy Chase Bank Correspondent
128. GreenPoint Mortgage - Capital One Wholesale
127. NovaStar, Homeview Lending
126. Quick Loan Funding
125. Calusa Investments
124. Mercantile Mortgage
123. First Magnus
122. First Indiana Wholesale
121. GEM Loans / Pacific American Mortgage (PAMCO)
120. Kirkwood Financial Corporation
119. Lexington Lending
118. Express Capital Lending
117. Deutsche Bank Correspondent Lending Group (CLG)

116. MLSG
115. Trump Mortgage
114. HomeBanc Mortgage Corporation
113. Mylor Financial
112. Aegis
111. Alternative Financing Corp (AFC) Wholesale
110. Winstar Mortgage
109. American Home Mortgage / American Brokers Conduit
108. Optima Funding
107. Equity Funding Group
106. Sunset Mortgage
105. Nations Home Lending
104. Entrust Mortgage
103. Alera Financial (Wholesale)
102. Flick Mortgage/Mortgage Simple
101. Dollar Mortgage Corporation
100. Alliance Bancorp
99. Choice Capital Funding
98. Premier Mortgage Funding
97. Stone Creek Funding
96. FlexPoint Funding (Wholesale & Retail)
95. Starpointe Mortgage
94. Unlimited Loan Resources (ULR)
93. Freestand Financial
92. Steward Financial
91. Bridge Capital Corporation
90. Altivus Financial
89. ACT Mortgage
88. Alliance Mortgage Banking Corp (AMBC)
87. Concord Mortgage Wholesale
86. Heartwell Mortgage
85. Oak Street Mortgage
84. The Mortgage Warehouse
83. First Street Financial
82. Right-Away Mortgage
81. Heritage Plaza Mortgage
80. Horizon Bank Wholesale Lending Group
79. Lancaster Mortgage Bank (LMB)
78. Bryco (Wholesale)
77. No Red Tape Mortgage
76. The Lending Group (TLG)
75. Pro 30 Funding
74. NetBank Funding, Market Street Mortgage
73. Columbia Home Loans, LLC
72. Mortgage Tree Lending
71. Homeland Capital Group
70. Nation One Mortgage
69. Dana Capital Group
68. Millenium Funding Group
67. MILA
66. Home Equity of America

65. Opteum (Wholesale, Conduit)
64. Innovative Mortgage Capital
63. Home Capital, Inc.
62. Home 123 Mortgage
61. Homefield Financial
60. First Horizon Subprime, Equity Lending
59. Platinum Capital Group (Wholesale)
58. First Source Funding Group (FSFG)
57. Alterna Mortgage
56. Solutions Funding
55. People's Mortgage
54. LowerMyPayment.com
53. Zone Funding
52. First Consolidated (Subprime Wholesale)
51. EquiFirst
50. SouthStar Funding
49. Warehouse USA
48. H&R Block Mortgage
47. Madison Equity Loans
46. HSBC Mortgage Services (correspondent div.)
45. Sunset Direct Lending
44. Kellner Mortgage Investments
43. LoanCity
42. CoreStar Financial Group
41. Ameriquest, ACC Wholesale
40. Investaid Corp.
39. People's Choice Financial Corp.
38. Master Financial
37. Maribella Mortgage
36. FMF Capital LLC
35. New Century Financial Corp.
34. Wachovia Mortgage (Correspondent div.)
33. Ameritrust Mortgage Company (Subprime Wholesale)
32. Trojan Lending (Wholesale)
31. Fremont General Corporation
30. DomesticBank (Wholesale Lending Division)
29. Liberty One Lending
28. Eagle First Mortgage
27. Coastal Capital
26. Silver State Mortgage
25. ECC Capital/Encore Credit
24. Lender's Direct Capital Corporation (wholesale division)
23. Concorde Acceptance
22. DeepGreen Financial
21. American Freedom Mortgage, Inc.
20. Millenium Bankshares (Mortgage Subsidiaries)
19. Summit Mortgage
18. Mandalay Mortgage
17. Rose Mortgage
16. EquiBanc
15. FundingAmerica

14. Popular Financial Holdings
13. Clear Choice Financial/Bay Capital
12. Origen Wholesale Lending
11. SecuredFunding
10. Preferred Advantage
9. MLN
8. Sovereign Bancorp (Wholesale Ops)
7. Harbourton Mortgage Investment Corporation
6. OwnIt Mortgage
5. Sebring Capital Partners
4. Axis Mortgage & Investments
3. Meritage Mortgage
2. Acoustic Home Loans
1. Merit Financial