

BANKER & TRADESMAN'S FAST50

CHANGING INTEREST

Community Banks Increase Purchase-Money Mortgage Deals

Increasing Interest Rates Have Lenders Shifting Focus

BY LAURA ALIX
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How low can you go? Just when it looked like interest rates couldn't get much lower, they jumped a full percentage point in June. While that's a positive sign for banks squeezed by razor-thin margins, it also means the robust refi market's days are numbered.

Of course, a quick look at Banker & Tradesman's Fast 50 will show you that at least during the first half of the year, refinance activity was strong and purchase activity is on the rebound.

The Fast 50 showcases those lenders in the state who did the greatest volume in loans for the first half of this year, compared with the same period last year. And though big-name players like Quicken, Bank of America, and Citicorp Mortgage dominated some of the top spots, there was still plenty of room for local names to scoop up some of the action.

For instance, Brookline Bank increased its purchase-money mortgage deals by more than 3,000 percent from last year, closing 62 deals between January and June, compared with just 2 in the same time frame last year.

Berkshire Bank more than doubled its refinance loans this year, closing 1,630 during the first six months of 2013 com-

pared with 804 for the same time frame last year. Berkshire also made 505 purchase-money mortgages this year, a 65 percent increase over the 306 loans it wrote last year.

Undoubtedly, the Pittsfield-headquartered bank has benefitted from its aggressive growth strategy, which included its acquisition of the Needham-based Greenpark Mortgage Corporation last spring and along with it the endorsement of the Massachusetts Teachers Association.

Paul Gershkowitz, first vice president of Greenpark, said Berkshire Bank has picked up a good deal of business through the teachers association and by good old-fashioned word of mouth, building relationships with Realtors, attorneys and insurance representatives.

Credit unions also got a piece of the pie in this year's Fast 50. Digital Federal Credit Union increased its purchase-money deals 39 percent, closing 135 loans this year, compared with 97 last year.

Chelsea-headquartered Metro Credit Union closed 1,246 refinance deals in the first half of the year, compared with 850 last year, and more than doubled its purchase-money mortgage business, closing 84 such loans in the first half of this year, compared with 38 for the first half of 2012. According to Chief Operating Officer Tom

Nadeau, year-to-date first mortgage production volume through the end of July increased 72 percent over last year.

Nadeau credited much of that increase to Metro's own growth efforts – half of that organic and the other half made through mergers with smaller credit unions.

Looking Ahead

But while some banks and credit unions have taken advantage of the low-interest rate environment to close refinance deals, other players have pulled back from the refinance and second mortgage side of the business to concentrate more resources on purchase-money mortgages.

"We expect the refi market will decline certainly," Nadeau said. "We've anticipated that and have been broadening our channels over the last year to grow more of our purchase market."

That included adding 10 new mortgage originators, as well as jumbo mortgage products.

And Leader Bank hasn't entirely dropped out of the refinance game, but Jay Tuli, vice president of retail banking and corporate development, said they've long anticipated the increase in interest rates and have accordingly shifted focus

to purchase money mortgages.

"We knew that as soon as that happens, the refi market is going to shut down, and that's a big percentage of our business," he said. "We've been trying to prepare for that by keeping our purchase programs and operations very strong, and even though the refi market has slowed down a lot, we've gained a lot of share in the purchase market."

Those purchasers run the gamut from families upgrading to bigger homes, to newlyweds buying their first house, to retirees downsizing to smaller condos, and Tuli said the bank has streamlined its operations in order to close those deals fast – typically within 30-45 days – so the buyers can get into their new homes sooner than later.

That strategy has apparently paid off. While Leader Bank closed 590 purchase-money mortgages during the first half of 2012, it saw a 42 percent increase in that number this year, closing 836 mortgages between January and June.

Tuli said, "We won't do as much refi volume as last year, but our business hasn't fallen as much as it would have because we've really focused on growing presence in the purchase market." ■

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Refinances and Second Loans

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Lender Name	2011	2012	Increase
Quicken Loan Inc	2,343	4,696	2,353
Bank of America FSB	4,346	6,087	1,741
Citicorp Mortgage Inc	1,339	2,818	1,479
Berkshire Bank	804	1,630	826
Guaranteed Rate Inc	1,993	2,813	820
United Shore Financial Services LLC	116	623	507
Green Tree Financial Services	0	462	462
Metro Credit Union	850	1,246	396
Amerisave Mortgage Corporation	443	834	391
Brookline Bank	14	401	387

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USA Alliance Federal Credit Union	316	655	339
Freedom Mortgage Corp	147	485	338
Mortgage Master Inc	5,293	5,589	296
Cole Taylor Bank	118	399	281
Bank of New York Mortgage Co Inc	1	268	267
Tremont Credit Union	27	280	253
Digital Federal Credit Union	1,074	1,326	252
Commonwealth Mortgage	380	628	248
Discover Home Loans Inc	6	254	248
Residential Mortgage Services Inc	797	1,035	238

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Cendant Mortgage Group	183	406	223
PNC Mortgage	147	355	208
Rockland Credit Union	433	638	205
New Fed Mortgage Corp	207	398	191
Quincy Credit Union	0	184	184
Century Bank and Trust Company	428	608	180
LoanDepot.Com LLC	432	610	178
Mortgage Network Inc	1,007	1,185	178
Cape Cod Five Cents Savings Bank	1,502	1,678	176
Ocwen Financial Service Inc	0	166	166

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Webster Bank	627	786	159
United Bank	583	731	148
Merrimack Mortgage Company Inc	666	812	146
Hanscom Fed Credit Union	490	631	141
Florence Savings Bank	476	616	140
Liberty Home Equity Solutions	0	139	139
USA Housing and Urban Development	320	458	138
Greenlight Financial Services	76	210	134
Lowell Cooperative Bank	918	1,051	133
Washington Trust Mortgage Co	0	115	115

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First Place Bank	404	518	114
Lee Bank	240	346	106
Roundpoint Mortgage Company	246	351	105
M&T Bank NA	45	149	104
First Federal Bank	99	199	100
GFA Federal Credit Union	81	179	98
BayCoast Bank	239	335	96
Nationstar Mortgage	338	428	90
St Annes Credit Union	571	661	90
Home Loan & Investment Bank	13	101	88

Source: The Warren Group

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Purchase-Money Mortgages

1-10

Lender Name	2011	2012	Increase
Guaranteed Rate Inc	686	1,244	558
Residential Mortgage Services Inc	516	809	293
Leader Bank NA	590	836	246
Mortgage Master Inc	965	1,173	208
Berkshire Bank	306	505	199
Mortgage Network Inc	477	628	151
MSA Mortgage LLC	270	402	132
Fairway Independent Mortgage	238	353	115
United Shore Financial Services LLC	22	121	99
Washington Trust Mortgage Co	0	94	94

11-20

Cape Cod Five Cents Savings Bank	401	492	91
Radius Financial Group	266	339	73
Bank of New York Mortgage Co Inc	0	70	70
Cole Taylor Bank	19	84	65
Brookline Bank	2	63	61
Quicken Loan Inc	98	156	58
First Republic Bank	221	276	55
Everbank	8	62	54
Merrimack Mortgage Company Inc	248	301	53
Norcom Mortgage	137	190	53

21-30

TD Bank NA	382	432	50
First Federal Savings Bank of Boston	244	293	49
Stearns Lending	114	163	49
Plaza Home Mortgage Inc	78	125	47
Sovereign Bank FSB	577	624	47
Webster Bank	115	162	47
Metro Credit Union	38	84	46
Academy Mortgage Corporation	126	171	45
Amer Neighborhood Mtg Accept (Anniemac)	18	61	43
Monument Mortgage Co Inc	80	119	39

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Digital Federal Credit Union	97	135	38
Home Loan & Investment Bank	0	38	38
Poli Mortgage Group	230	268	38
Green Tree Financial Services	0	36	36
Commonwealth Mortgage	25	60	35
JP Morgan Chase Bank	86	121	35
East West Bank	0	34	34
Newburyport Five Cents Savings Bank	21	55	34
Bank of Canton	344	377	33
Movement Mortgage LLC	0	32	32

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Ocwen Financial Service Inc	0	31	31
Sun Mortgage -New England Inc.	2	33	31
Seamens Savings Bank	1	31	30
Mortgage Research Center	67	96	29
Enterprise Bank & Trust Co	87	115	28
Navy Federal Credit Union	37	64	27
Primary Residential Mortgage	23	50	27
Citicorp Mortgage Inc	105	131	26
Needham Bank	87	113	26
First Place Bank	92	117	25

Source: The Warren Group

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