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BWC launches mortgage partnership

Buyers getting financing through related Bay Area loan originators will get better pricing, CEO says

By George Avalos

STAFF WRITER

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BWC Mortgage Services, moving to combat a rough housing market, announced an alliance late last week with several mortgage companies to create a new lending entity that can originate more than \$2 billion a year in home loans.

The deal gives BWC Mortgage a bigger pool of loan originators who have plenty of experience. The loan originators gain access to a more muscular financial platform from which loans can be funded and handled from start to finish. This new organization can operate as both broker and banker.

San Ramon-based BWC has formed an affiliation with Danville-based StoneCastle Land & Home Financial, Alamo-based Paragon Mortgage Brokers, Bay Area Funding Group and the Concord branch of All California Mortgage.

The lenders who are joining up with BWC will be able to retain the brand names of the mortgage firms where they now work.

"Borrowers benefit with expanded loan options and better pricing," said Scott Simonich, chief executive officer of BWC Mortgage. BWC once was owned by the holding company for Bank of Walnut Creek, but in 2006, Simonich Corp. gained full ownership of BWC Mortgage.

The loan executives who have come aboard the BWC platform are making the change at a time when big banks have become increasingly picky about which home loans they will bankroll. That makes it is tougher for loan agents with smaller companies to find the best loan terms for clients.

Mortgage officers have become more eager to find larger companies.

"They are lining up outside our door to talk to us," said Michelle Kinder, an executive vice president with BWC Mortgage. For instance, BWC is being joined by all of the loan agents from StoneCastle, Kinder said.

All told, BWC now operates with more than 200 loan originators. About 70 have been added in the past six months as more companies have joined, Kinder said.

The alliances with BWC are among an array of creative responses that realty professionals have fashioned to respond to a housing market that has imploded.

"We're seeing considerable consolidation in the mortgage industry, in both brokerages and banks," said John Holmgren, principal owner of Oakland-based Holmgren & Associates, an Oakland-based mortgage firm.

The struggling industry was bound to go through a wide array of consolidations and alliances, said Holmgren, leader of the East Bay chapter of the California Association of Mortgage Brokers.

"People are leaving the business, and we are seeing marginal brokerages close," Holmgren said.

Individuals and companies that intend to be in the business for a longer term are finding ways to link

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up.

"If we can pool all of our numbers, we can get better pricing to pass along to our clients," said Jason Brown, a senior vice president with StoneCastle and one of the agents who joined the new affiliation with BWC Mortgage. "We're thrilled with this partnership. We have created one of the strongest lending institutions in Northern California."

The affiliation makes a lot of sense, said Doug Nesbit, sales and marketing director with San Ramon-based CMG Financial Services. Big banks have trimmed the list of approved mortgage brokers they will deal with.

"It gives you a little more market clout," Nesbit said. "This is a really tough lending environment."

CMG is attempting to cope with the harsh times through a product called the home ownership accelerator. This product enables customers to pay down the principal in their loans faster and keep their interest rates and mortgage payments lower than conventional loans of the same amount. But the offer is not for everyone: For this program, CMG prefers borrowers with good jobs, sparkling credit and homes with some equity.

Still, the home ownership accelerator now accounts for 50 percent of CMG's business. The company expects this part of its business to double during 2008 after it doubled in 2007.

Local brokers hope that the BWC-led alliance could help banish some of the problems that have haunted the mortgage industry since the subprime debacle surfaced.

"We are excited about the future, probably more excited than we have been in the last six months," StoneCastle's Brown said.

George Avalos covers jobs, economic development, commercial real estate, finance and petroleum. Reach him at 925-977-8477 or gavalos@bayareanewsgroup.com.

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