



The **Mortgage Channels**

Residential loans (Conventional and Government) are originated in the Primary Market and sold in the Secondary Market consisting of both public and private investors who buy mortgage notes. These investors are primarily Fannie Mae, Freddie Mac and Ginnie Mae. Lenders then replenish cash reserves so they can originate more loans. The Primary Market is important to the consumer because this is where it's created. These loans all end up in the same place and are offered by the same lenders, just through different channels.

This makes selecting the originator the most important part of the mortgage process. *With recent industry changes/trends and in protection of the consumer, we support competition and choice.*

Bank



- Usually a depository in some fashion with other products and services.
- Typically only one or very few lending source or limited options which may result in higher rates and fees due to operational costs/lack of comparison.
- Loan Officers may not be required to take entry-level or continuing education.
- Loan Officer represents the bank rather than the consumer.

Correspondent Lender



- Usually only offers mortgage services, non-depository.
- Focus on using lines of credit over brokering for margins, even if more favorable terms are available. Rates and fees can be higher due to operational costs.
- Not a "True Broker"
- Loan Officers must take entry-level and continuing education and many have more experience than a bank.
- Might use the controversial sales terms "mortgage banker" when in reality a "non-bank" or "direct lender" when actually an "in-direct" lender.

Mortgage Broker



- Usually only offers mortgage services, non-depository.
- Multiple wholesale lenders and programs - full brokerage only.
- Works and shops exclusively for the consumer without priority to any lender or pass-through line of credit.
- Loan Officers must take entry-level and continuing education.
- Most advanced platform, requiring a high level of experience.
- With controlled costs, we believe this is the most favorable channel for consumers on pricing and programs.



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