

Mortgage Banker



Definition of 'Mortgage Banker'

A company, individual or institution that originates mortgages. Mortgage bankers use their own funds, or funds borrowed from a warehouse lender, to fund mortgages. After a mortgage is originated, a mortgage banker might retain the mortgage in portfolio, or they might sell the mortgage to an investor. Additionally, after a mortgage is originated, a mortgage banker might service the mortgage, or they might sell the servicing rights to another financial institution. A mortgage banker's primary business is to earn the fees associated with loan origination. Most mortgage bankers do not retain the mortgage in portfolio.



Investopedia explains 'Mortgage Banker'

Larger mortgage bankers service mortgages, while smaller mortgage bankers tend to sell the servicing rights

The distinguishing feature between a mortgage banker and a mortgage broker is that mortgage bankers close mortgages in their own names, using their own funds, while mortgage brokers facilitate originations for other financial institutions. Mortgage brokers do not close mortgages in their own names.

Source: <http://www.investopedia.com/terms/m/mortgagebanker.asp>
April, 2014