

Plaza Certified Loan Program

CASE STUDY: Developer's Mortgage



Taylor Stork CMB,
EVP, Chief Operating Officer
Developer's Mortgage Company

Plaza Certified Loan Program at a Glance:

- No upfront cost to correspondent
- Applies to all correspondent loans
- Covers entire potential loss (- \$10,000 deductible + premium over par)
- Requires loan review

Protects against repurchase demand due to:

- *Borrower or employee fraud and misrepresentations*
- *Miscalculations of income, occupancy & undisclosed debt*
- *Manufacturing defects*
- *Underwriting errors, guideline violations*
- *Appraisal discrepancies*
- *Compliance violations (including TRID)*
- *Reduction or loss of income due to COVID-19*

Taylor Stork, the Chief Operating Officer of Developer's Mortgage Company (Developer's), headquartered in Columbus, OH, describes the company as a "jack of all trades." "We offer all different types of financial products from forward to reverse loans, from traditional conventional to non-QM. There almost isn't a mortgage product that we won't offer. If it's available, and it can be repackaged and resold in the secondary market, then we can originate it. About 65% of our business is purchase and we have a very strong builder program."

This year, Developer's will originate about \$250 million in volume, mainly in its major markets: New Jersey, Pennsylvania and Ohio. Next year, Stork, expects volume to double when Developer's completes an acquisition that's currently in the final stages and expands into new markets.

Stork began working with Plaza in 2014, at his previous company, and brought the relationship to Developer's when he joined two years ago. What sets Plaza apart from other investors, he says, are two key things: "They act like a partner in the business rather than a vendor; and their Certified Loan Program protects their client-sellers."

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– Taylor Stork

Stork had an occasion to use the Certified Loan Program at his previous firm. "I love the insurance program because if an asset is an early payment default, I know what the worst-case scenario will be. We just have to return the premium money that we were paid for the loan, and cover a deductible. What we don't have to do is come up with a large amount of unanticipated cash within a two-week period to repurchase a loan. And that's only the beginning. A repurchase not only disrupts our cash flow, it also disrupts my personal life because when a loan goes sideways and it has to be purchased and then repackaged and fixed then resold, that's on me. So, the Certified Loan Program provides a substantial level of comfort knowing that there is a safety net wrapped around those loans for all but a couple of different scenarios."

The Certified Loan Program is more important than ever, at the moment, he says because much of the industry is “overflowing with new volume and revenue” and working at 200% capacity, and that’s when mistakes tend to be made.

“What happens in that scenario if you suddenly have to repurchase two loans for a few hundred thousand each?”

“All of your sellers who live and die off warehouse lines are maxed out and are calling their warehouse lenders for ‘bulges.’ What happens in that scenario if you suddenly have to repurchase two loans for a few hundred thousand each? How do you explain to your sales force or to your borrowers that you cannot close their loans because, instead, you have to make repurchases and you no longer have extra capacity on your line. The reason you want insurance, whether it’s insurance on your house, your car or your loan, is so that when somebody makes a mistake—blows through a red light, or overlooks a pay stub— it isn’t a catastrophic result.”



Taylor Stork is the Chief Operating Officer for Developer’s Mortgage Company. A seasoned business executive and Certified Mortgage Banker (CMB), Taylor has over 20 years of experience in the industry and is passionate about enabling home ownership. Taylor is an active member of the Mortgage Bankers Association (MBA) and Community Home Lenders Association (CHLA) and serves as an Advisory Council member for the Lenders One Mortgage Cooperative. Prior to his role with Developer’s, Taylor acted in senior leadership roles at major national and regional mortgage lender organizations including MCS Mortgage Bankers, Inc., Continental Bank, Bank of America and American Home Mortgage.

In his free time, you can find Taylor on a tractor on his farm amongst his horses and cows. He holds a BS in Finance from San Diego State University.

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