

→ Mortgage Banking

We are a leader in the mortgage banking area and represent many companies in the financial services industry in their ongoing business and legal needs. We are known for drawing on our industry experience, reputation, contacts and understanding to help mortgage banks achieve their business goals in growing the mortgage banking platform and in addressing all aspects of their financing needs including accessing the capital markets. We advise buyers and sellers, and the parties who finance buyers, in developing innovative strategies for achieving their business goals in merger and acquisition transactions. We also have a strong track record in handling litigation matters for financial institution clients.

Sheppard Mullin has been involved in numerous matters in the mortgage banking industry and, as a result, has been called on to assist clients in the following:

- Drafting and negotiating mortgage loan purchase agreements, mortgage loan warehouse facilities and repurchase agreements, servicing rights purchase and sale agreements, servicing agreements and servicing rights financings
- Serving as outside counsel to a number of mortgage companies in connection with their M&A strategies and activities, including developing M&A models and identifying targets that meet their business needs
- Assessing the benefits of acquiring or joint venturing with insured depositories
- Advising companies in the buying, financing and selling of asset classes (both performing and non-performing assets), and worked with those companies in the due diligence, negotiation and documentation process
- Advised clients on the advantages of acquiring depositories and non-depositories and their usefulness to strategic players in the financial services industry
- Representing mortgage companies in various regulatory proceedings, and conducted investigations arising out of threatened or actual “cease and desist” letters and “MOUs”
- Defending a variety of financial services companies in class action litigation

The Business of Mortgage Banking

Sheppard Mullin represents a large number of mortgage loan originator and servicers with their loan origination platforms, their correspondent and broker agreements, their mortgage loan purchase, sale and servicing arrangements and more generally, with navigating their relationships with others in the mortgage banking community be it the CFPB, Freddie Mac, Fannie Mae, Ginnie Mae or other federal and state regulators. We understand the business of mortgage banking and we help our clients with managing the array of issues that they face on a day-to-day basis.

Sheppard Mullin has helped clients build correspondent lending operations and the warehouse lending units that support them. We have also developed structures to motivate correspondent and warehouse lending units to drive business and profitability to each other.

At Sheppard Mullin, we know that “one size does not fit all” in the mortgage company financing market. Sheppard Mullin regularly represents clients in reviewing operations to determine the most efficient source of capital to assist the client in meeting its growth objectives and corresponding liquidity needs. In this role, attorneys at Sheppard Mullin have worked on tens of billions of dollars of mortgage loan financing transactions such as warehouse and repo financing facilities, including gestational facilities, for all types of Agency securities, back-to-back repurchase transactions and servicing rights financing facilities. Through this experience we have assisted our clients in identifying the financing providers that are most likely to offer unique or more relevant financing facilities. We also put together bespoke warehouse facilities for our lender clients with innovative mortgage-like products. We also advise clients on mortgage loan sales to aggregators for securitization, including both GSE and private label securitizations.

Mergers and Acquisitions; Strategic Transactions

We have one of the nation’s best known and most experienced practice groups specializing in the representation of buyers and sellers in transactions involving independent mortgage companies. As a result, we regularly work with large and small institutions to review the implications, advantages and disadvantages of their M&A and other business strategies. We help develop M&A, joint ventures and other transactional strategies that support our clients’ needs and strategies.

New Business Models and Products and Services

Sheppard Mullin’s representation of mortgage banking companies includes a number of new entrants into the mortgage banking area as well as a number of seasoned mortgage loan originators and servicers. Our experience with so many loan products and business models gives us perspective and experience to evaluate proposed new products and services, address legal issues, tax planning, and regulatory concerns, as well as identify potential partners and service providers for our clients.

Consumer Regulatory

One critical element of any transaction involving a specialty finance company is a deep understanding of the regulatory environment within which it operates. We have represented banks, mortgage companies, and companies with which they do business, in a wide variety of transactions. We advise clients on issues arising under federal and state laws, regulations and rules. We have also defended companies in connection with governmental audits, investigations and enforcement proceedings, before, among others, the Department of Housing and Urban Development, the Veteran’s Administration, the Department of Justice and the Federal Trade Commission. We also handle litigation involving consumer class action lawsuits and commercial claims.

Consumer Class Action Litigation

Sheppard Mullin is one of the few firms willing to try class actions rather than automatically recommending settlement. We have successfully defended financial institutions against class actions and 17200 representative claims, involving:

- Privacy rights
- Truth in lending claims

- Interest computation
- Alleged discriminatory lending practices
- Alleged late reconveyances of deeds of trust
- Securities trading fraud claims
- International currency conversion claims
- Prepayment charges
- Overdraft fees
- Debit cards
- Private mortgage insurance
- Commercial payroll accounts

Loan Portfolio

We also advise clients in connection with non-performing and performing loan portfolio acquisition and disposition transactions. Our representation includes both buyers and sellers, and we have guided our clients through the host of challenges associated with these transactions, including:

- Bid analysis and preparation
- Due diligence, purchase agreements and offering materials
- Title reports and reviews
- Warranties and remedies
- Pro-ration procedures and post-closing claims
- Disputes resolution