

Against the Wind

Fishers Mortgage Company Thrives Through Housing Downturn

By Martha Yoder

STONEGATE MORTGAGE CORPORATION

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Photos by Mark Lee

Mortgage companies were some of the hardest hit businesses in the recession. But a Fishers company defied the odds and flourished during the recent housing market crash. Founded in 2005, Stonegate Mortgage Corporation is one of the largest and fastest growing independently owned mortgage lenders in the central U.S. By the end of 2010, the company had nearly doubled its revenues from \$8.1 million to \$15.4 million and increased its net income from \$765,000 to \$2.2 million.

Stonegate plans to move into a new, larger corporate headquarters in Fishers this summer, and has committed to adding about 300 new employees in Indiana by 2015.

“Although it will be challenging, the continued growth is realistic and attainable,” says President, Founder and CEO Jim Cutillo. “Strong lending practices, a clear company vision and an entrepreneurial

spirit will continue to get us through these tough economic times.”

Stonegate Mortgage originates and services residential mortgage loans in 14 states through six retail offices in Indianapolis, Columbus, Ohio, and Overland Park, Kansas. Today, approximately 500 households in the central U.S. send their monthly mortgage payments to the Stonegate Mortgage loan servicing center in Mansfield, Ohio. The company manages a servicing portfolio of approximately \$750 million in residential mortgages for Fannie and Ginnie Mae and through all other residential mortgage lending channels (retail, wholesale and correspondence lending).

Entrepreneurial spirit

Cutillo attributes the firm's success to a sharp focus on responsible lending, strong investors and bank partners, and industry consolidation.

According to Tracy Hutton, President of Century 21 Scheetz Real Estate and a Stonegate Mortgage investor, Cutillo has the unique ability to find ways to grow in a tough market by providing high touch service and savvy technology systems.

“Jim is extremely innovative – he knows how to break down a complicated and regulated industry and invent simplified systems that help customers with quick solutions to problems,” Hutton said.

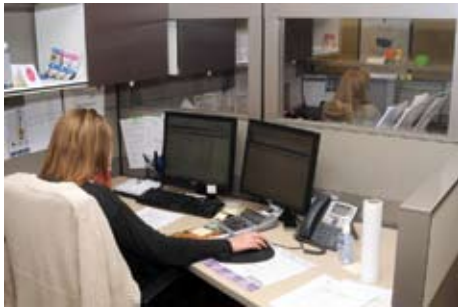
It is no surprise that Cutillo has an entrepreneurial spirit. He was raised by a large Italian family from the Philadelphia area, where his grandfather opened an upscale restaurant (Cutillo's) that is still operated by the family today. At the age of 21, as a military platoon leader, he the first of many leadership roles.

“Just like in military training, one of my goals has always been to keep the focus on our objectives regardless of what's

happening in the environment,” he said. “Many of our competitors have failed, and we’ve been there to assimilate their work.”

Among Cutillo’s successful business strategies was his decision in 2005 to focus on ways of doing business beyond the subprime lending market.

“We don’t offer loans to those who have poor credit histories. When I worked with GMAC in Minneapolis, I learned that subprime lending is not a sustainable or profitable way to do business,” Cutillo commented.



One of Stonegate Mortgage’s goals is a sustainable commitment to customers and employees. “We accomplish this goal by hiring people who treat our customers with integrity and respect,” Cutillo said.

“Through Jim’s leadership, Stonegate has recruited top talent who share his vision and want to make the personal investment to create convenient and easy ways to help customers make good decisions,” Hutton noted.

The company’s Customer Loyalty Program helps customers navigate home buying decisions. The program keeps them informed via monthly e-mails and other home ownership correspondence for as long as Stonegate services the loan.

“The Customer Loyalty Program is designed to educate borrowers on vari-

ous issues related to homeownership, for example winterizing the house to lower utility bills,” Cutillo said.

Another innovation is the Home Improvement Program (HIP), designed to help customers fund improvements to their homes as part of financing and refinancing. The program started last year with the expansion of the FHA 203(k) loan product offering. The company also added the Fannie Mae HomeStyle Renovation Loan to the HIP arsenal of products.

“These loans are great for those homes in foreclosure or short sales that may need about \$10,000 worth of repairs to make the house more livable and more energy efficient,” Hutton explained.

Technology savvy customer service

Technology is another one of Stonegate’s cornerstones. The Online Loan Information Exchange (OLIE) 2.0 system was created to support third party originator channels and the FHA Sponsorship Program.

“OLIE is already a tremendous asset to our third party originators and will increase customer satisfaction by giving FHA sponsored originators access to FHA Connection via our website,” Cutillo explained.

Cutillo remains committed and passionate about revitalizing the housing market. Although he predicts the real estate market will rebound, it will take more time to see

results, he noted. “I will continue to tell people every day that it’s the best time to buy a home because of low interest rates.” ♦

Stonegate Mortgage Timeline

- **Since 2008**--Hired more than 150 employees; originated more than \$1.2 billion in residential mortgages; generated a 185 percent return on equity for stakeholders
- **2009**--Acquired Swain Mortgage Company (with \$175 million serving portfolio)
- **October 2010**--Added Fannie Mae’s HomeStyle Renovation Loan to its Home Improvement Program; added third Indiana-based retail branch in Avon, Indiana
- **December 2010**--Serviced 5,132 loans with total balances outstanding of \$651 million; launched version 2.0 of a proprietary web-based loan origination and servicing computer system
- **February 2011**--Implemented Customer Loyalty Program based on the client-for-life philosophy
- **Today**-- Recruiting 300 new employees in Indiana by 2015
- **Summer 2011**--Plans to move to new corporate headquarters in Fishers



Stonegate Mortgage CEO Jim Cutillo