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## J.P. Morgan Cuts Use of 3rd-Party Brokers

By [ROBIN SIDEL](#)

[J.P. Morgan Chase & Co.](#) said it will stop underwriting prime mortgages that are originated through third-party brokers, relying instead on its vast branch network to make home loans to creditworthy customers.

The move reflects a retreat by financial institutions that once leaned heavily on brokers to help fuel the mortgage business. Since housing prices collapsed, banks have turned away from brokers and said that loans originated through that channel have proved to be less creditworthy than mortgages that are originated inside their own walls.

"We believe that our customers are best served when a mortgage officer works directly with them, explains our products clearly and then helps them carefully evaluate the choices in light of their personal financial situation," according to an internal memo from Dave Lowman, who runs J.P. Morgan's mortgage business.

J.P. Morgan has more than 5,000 branches following its September acquisition of the bulk of Washington Mutual Inc., the big Seattle thrift that was seized by regulators. That makes it the third-largest U.S. branch network after [Wells Fargo & Co.](#) and [Bank of America Corp.](#)

J.P. Morgan also said it would stop underwriting loans generated by brokers through correspondent relationships. That business typically is conducted with small banks that then pass the loans onto J.P. Morgan.

The two channels represented about 25% of J.P. Morgan's mortgage originations, a spokesman said. The bank, which reports fourth-quarter earnings on Thursday, originated \$37.7 billion of mortgage loans in the third quarter.

J.P. Morgan stopped using brokers for subprime mortgages about a year ago and no longer relies on them to generate home-equity loans.

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