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From the San Antonio Business Journal:
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Inside USAA's shrinking home mortgage portfolio and workforce

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USAA's recent decision to eliminate hundreds of jobs in its real estate lending and real estate rewards network operations comes as its home mortgage loan volume has been steadily decreasing — in dollars and as a percentage of USAA Federal Savings Bank's lending portfolio — for the past four years, according to documents on file with the Federal Deposit Insurance Corp.

About 265 USAA jobs in San Antonio, Phoenix and Tampa, Florida, will be cut in mid-November, the company confirmed to the Business Journal last week. While some of the people in those jobs may be retained in other positions, the San Antonio-based company's action coincides with reductions in its home lending.

The total dollar value of home mortgage loans decreased from nearly \$9.4 billion in June 2014 to about \$6.6 billion in June this year, records show. The bank's quarterly interest income generated from those loans dropped accordingly, from \$155.2 million during the quarter that ended June 30, 2014, to \$116.4 million during the same period ending June 30 this year.

This shift brings the volume of the bank's other consumer credit business — separate from credit cards and automobile loans — closer to that of its home mortgage loan portfolio, whereas four years ago, home mortgages were roughly double the value of its other consumer credit loans.

Likewise, USAA originated fewer mortgages from 2016 to 2017, according to Arlington, Virginia-based Compliance Technologies' tool Lending Patterns, which is a federal database with millions of Home Mortgage Disclosure Act records.

USAA underwrote 63,346 mortgages during 2017, down from 66,850 mortgages originated during 2016. Data for 2018 has not yet been released. The majority of USAA's mortgages during 2017 — about



KRISTEN MOSBRUCKER
USAA is a San Antonio-based financial services and insurance company that sells products to members of the military and their dependents.

61.3 percent — were Veterans Affairs loans, while conventional loans accounted for about 38.7 percent.

In 2014, the top three home mortgage underwriters in the U.S. were Wells Fargo & Co. with more than 374,000 loans, Quicken Loans Inc. with more than 283,000 loans and Bank of America Corp. with more than 162,000 loans. That year, USAA was ranked No. 12 with nearly 57,600 loans. One year later, it dropped to No. 25 with about 40,800 loans.

The job cuts at USAA also come soon after [Winston Wilkinson](#) left his position as president of mortgage and senior vice president of real estate experience for USAA Federal Savings Bank in August, according to his LinkedIn profile. Wilkinson did not immediately respond to request for comment for this story, and it was not immediately clear why he left the company. He had been with USAA since 2013.

Wilkinson oversaw mortgage, real estate brokerage, home equity and servicing divisions, and had more than 2,300 employees in Florida, Arizona and Texas under his purview during his tenure at USAA, according to his LinkedIn profile. Wilkinson was previously an executive vice president for consumer banking at Fifth Third Bank and Wachovia before Wells Fargo bought it.

Meanwhile, USAA Federal Savings Bank had a sizable growth spurt in year-over-year net income, despite the softening in its home lending business. The division reported net income of \$610 million for the second quarter that ended June 30, up from \$408 million in second quarter 2017. The more than \$200 million year-over-year increase is significantly greater than the \$33 million increase in net income from second quarter 2016 to second quarter 2017 and the \$22 million increase in profit from second quarter 2015 to second quarter 2016.

USAA Federal Savings Bank President Chad Borton, who has been in the role since May 2017, did not respond to requests for an interview.

Borton is a former executive vice president of consumer banking at Fifth Third Bank in Ohio. He is a former U.S. Army infantry officer who left the military as a captain in 1997 to start a career in the private sector, according to his LinkedIn profile. He worked at JPMorgan Chase & Co., McKinsey & Co. and Wachovia. Former bank president Jaime Warder left in December 2016 after a joining the company in January 2015.

USAA has more than 34,000 employees and more than 12.6 million members. The company did not respond to requests for comment for this story.

<iframe src="https://e.infogram.com/bc38f73c-471f-464e-8c51-8e6da471bae1?src=embed" title="USAA Federal Savings Bank: Home Mortgages 2014 - 2018" width="800" height="825" scrolling="no" frameborder="0" style="border:none;" allowfullscreen="allowfullscreen"></iframe>

Kristen Mosbrucker

Reporter

San Antonio Business Journal

