



RECOVERY TIPS - By JEFF WIRSING

Changing Origination

“If we don’t change direction soon, we’ll end up where we’re going!” That quote is attributed to 97 year old comedian “Professor” Irwin Corey who bills himself as “The World’s Foremost Authority!”

As we step back and look at the economic climate of the U.S. in 2011 those words are quite prophetic. Clearly, Professor Corey’s quote is profound in its application to current events. In retrospect we have arrived at exactly the destination we were headed for over the last decade: Failed Sub-Prime Market; Failed Mortgage Companies; Declining Home Value; Failing Banks & Gov. Bailouts; Higher Gas & Food Prices; Weakened & Uncertain Economy; Ballooning National Debt; Soaring Unemployment; and Diminishing Consumer Confidence and government support

If the mortgage industry, (and the U.S. economy), is going to thrive and survive it will be necessary to consider a dramatic change. The good news is that the mortgage industry, post meltdown, has had a tremendous opportunity. The bad news is that it has failed to seize the moment.

Futurist, Buckminster Fuller is quoted as having said, “You never change things by fighting the existing reality. To change something, build a new model that makes the old model obsolete.”

As a result of the mortgage meltdown, and the collapse of confidence in mortgage backed assets, a great deal of attention has been directed toward fixing the problem. We’ve seen legislative changes,

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regulatory changes, changes to the valuation process, changes to methods of compensation, new licensing and registration requirements and of course a tightening of underwriting guidelines. But unlike the quote from Buckminster Fuller no one has created a new model and we continue to reconfigure the same parts we’ve been working with for years. And based on my informal sur-

vey of industry professionals the collective consensus is that none of these changes has resulted in improving the mortgage industry and protecting consumers. In fact, many argue that the changes have actually hurt consumers. It’s also important to note that the “changes” have come about from outside of the mortgage origination industry.

So, why has so much collective interest in fixing a problem failed to produce any meaningful results, especially when it comes to increasing confidence in the quality of MBS and the ability of mortgage borrowers to meet their obligation? And why hasn’t the mortgage origination industry come together in a meaningful way to create it’s own solution? The secondary mortgage market went away and for all intents and purposes no investors (besides Fannie and Freddie) have come back into the market. It doesn’t take a rocket scientist to figure out that none of the “fixes” are having the desired result.

Like the saying goes, “If you continue to do what you’ve always done, you’re going to get what you’ve always gotten.” Unless the mortgage industry creates a new model it will likely repeat its mistakes in the future. So, how can the mortgage origination industry take the lead in fixing itself and the U.S. economy and create a new model that makes the old model obsolete? Next issue I’ll share by suggestions for recovery. Stay tuned ... ❖

Jeff Wirsing is President and Co-Founder of GreenBar America LLC. GreenBar offers a new mortgage loan pre-qualification system that mortgage originators will use with every person in the U.S. that seeks to finance a home. The program, called GreenBar, guarantees that the mortgage decision puts the Borrower in the safest possible financial position.