Your Voice

Who Wants to Be a Mortgage Banker?

There is no problem earning a very good living in our industry. Newcomers need to know there is a career path.

By Phil Hall

If statistics are any indication, the mortgage banking job market could be seen as an example of taking two steps forward and one step back. According to the Mortgage Employment Index published by the trade journal Mortgage Daily, the industry hired 8,059 workers during the first quarter of this year. However, 2,930 were laid off during that quarter – with many of the layoffs coming from such major institutions as JPMorgan Chase, Bank of America and Wells Fargo.

But within the industry, there is a sense of optimism that many newcomers to the workforce will identify mortgage banking as an invigorating environment to begin and grow their professional lives.

"There is no problem earning a very good living in our industry," says Daniel Jacobs, president of retail branching at Columbus, Ohio-based Residential Finance Corp. "Newcomers need to know there is a career path."

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Jonathan Corr, president and chief operating officer at Pleasanton, Calif.-based Ellie Mae, believes that the next wave of incoming mortgage bankers will benefit from shifting national demographics.

"Even though we've come down over past few years from 69 percent ownership, the population continues to grow," he says. "This contributes to the idea of owning a home."

Eddy Perez, president of Atlanta-based Equity Loans LLC, notes that mortgage banking is attractive to new recruits because it offers multiple opportunities for professional growth.

"A career in mortgage banking would be a great choice for today's college graduates, as it can prove to be a very rewarding," he explains. "Forming strong, positive relationships is crucial in this business, which is largely driven by referrals and repeat clients. Additionally, mortgage banking is not an industry where if you have an MBA, you are automatically placed at the mid-management level.

"It takes hard work and hands-on experience to move up the ladder, which provides individuals with a greater opportunity to transcend in this business based on their dedication to learning the business," Perez adds. "Several individuals enter at the bottom as a loan origination or on the operations side, then work their way up. With the right approach, mortgage banking can lead to a long, successful career."

POSSIBLE POTHOLES

However, Perez acknowledges that the events of the fast few years could easily sour many potential employees from considering a mortgage banking career.

"Recent graduates started college at the beginning of the financial crisis, so these young, impressionable individuals have only heard horror stories on the news for many years now," he says.

Jacobs agrees, noting that the industry has yet to fully put recent history behind it.

"We're still trying to shine a positive light on our industry after some negative attention with the financial crisis," he says.

Jacobs also points to news reports from earlier this year about layoffs in the industry, adding that this could further complicate matters.

"Layoffs make it more difficult for college graduates to get jobs in the industry," he says.

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"But some hiring managers take a different stance – they don't want the bad habits of someone with long experience, and they would be willing try out someone new to the field."

And, truth be told, mortgage banking is not entirely all sunshine and lollipops. In the Third Annual Survey of Originator Opinions released in April by Hammerhouse LLC, a Mission Viejo, Calif.-based recruitment firm, nearly one-third of loan originators stated that poor operations and a lack of human capital for fulfillment was the main reason they would consider changing their current jobs. Other issues that were identified as contributing to an unstable work environment were non-competitive compensation (cited by 19% of the more than 350 loan originators surveyed), leadership issues (18%), corporate culture (12%) and the lack of product availability (10%).

Drew Waterhouse, managing director of Hammerhouse, observes that 81% of the survey's respondents were active in the industry for more than 10 years. Waterhouse believes this statistic provides evidence that the industry would benefit from a new wave of mortgage bankers.

"The sheer size of the mortgage originator responders with more than 10 years of experience suggests a need for lenders to seek younger origination talent by developing talent in-house or through recruitment from outside," says Waterhouse.

ON THE JOB TRAINING

But how can lenders connect with the "younger origination talent" that Waterhouse calls for? Some lenders have taken a proactive approach by launching in-house programs to develop and nurture tomorrow's mortgage bankers.

Milford, Conn.-based Total Mortgage Services started its in-house training program earlier this year, in which recent college graduates receive a mixture of classroom lessons, mentoring with the company's seasoned professionals and three-to-four weeks in a sales capacity. For those who make the grade, the company helps to arrange for appropriate licensing.

"Once you have been very successful, it's almost like running your own business," says John Walsh, president of Total Mortgage Services. "There is a lot of opportunity now, and it is a perfect industry for people who want to work hard and have great earning potential."

First Guaranty Mortgage Corp. (FGMC) is running its own internship program. Andrew Peters, CEO of the Frederick, Md.-based company, observes that the program helps to introduce college-age individuals to all sides of the industry.

"There is an old joke that no one went to college to be in the mortgage industry," says Peters. "We have four interns – two working with the secondary market and two in servicing. This is a great opportunity for them to learn and see if this business is

where they want to be in the future."

Chrysalis Holdings LLC, the Fulton, Md.-based parent company of the lender NewDay USA, took the notion of training to an even higher level in March when it acquired Abacus Mortgage Training and Education, a provider of NMLS-approved loan officer training and education. The acquisition was designed to strengthen the NewDay USA University initiative, the company's training program.

"We are committed to developing the industry's next generation of mortgage bankers," says Rob Posner, CEO of NewDay USA. "The university's programs, which focus intensely on originations, loan processing and underwriting, will deliver the training that puts our professionals on the path to a successful career."

OPPORTUNITY KNOCKING

So where in the industry can the new mortgage bankers settle down? Ellie Mae's Corr believes that the IT side of the industry should prove attractive to today's digitally focused college graduates

"We're obviously in an age where everyone is very technology driven," he says. "There is a lot of innovation happening in the use of different devices. This can be very attractive for newcomers to the industry."

Perez observes that certain markets offer new mortgage bankers a greater chance to advance quickly in their work.

"In residential lending, you are going to continue to see a year over year increase in new home sales," he says. "According to our offices in California and New York, there is no inventory. Therefore, homes are bought very quickly. We will continue to see a slight increase on home prices, along with a slow increase in inventory."

Perez adds that tomorrow's mortgage bankers may also find substantial opportunities on the servicing side of the industry.

"I consider servicing the biggest opportunity for growth, since a lot of people now realize that the money for the corporation and the asset that they're creating at the same time is very powerful for the organization," he continues. "Another market that plays a big part in servicing is mortgage servicing rights. By having a servicing portfolio, people are interested in buying that and trading it almost right after you sell a loan to Freddie Mac or Fannie Mae, and that is where I have seen growth in this business that did not exist even a year ago." ❖

Phil Hall is a financial journalist who previously worked as the editor of MortgageOrb, an associate editor at the ABA Banking Journal and a columnist at Credit Union News. His writing has been published in the New York Times, Wired and the Hartford Courant. He is also a marketing and public relations expert, an entrepreneur and horror movie actor (yes, we're not joking about that last bit). Lastly, as you will discover, he is not shy about stating his views.