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Need Change? Try Your Local Bank

Becoming a community-bank loan officer may be the career move you need

For many mortgage brokers these days, there's not a lot of fun to go around. A scarcity of qualified business, a flood of regulatory changes and a badly tarnished industry reputation all make brokering loans more difficult than it used to be. The changes have been enough to make many brokers reconsider their profession.

Now that loan-originator-compensation changes have kicked in, we can add massive uncertainty about pay structure to a long list of items keeping many brokers more busy with rule changes than with loan originations.

To all those brokers ready to throw in the towel and say goodbye to their lending days — don't.

Instead, consider an alternative that allows you to put your expertise to work. Consider becoming a community-bank mortgage-loan officer.

If you haven't heard, community-bank mortgage lending is leading the recovery of residential finance as a supportable business model. While many lenders have been forced to restrict their lending or shut their doors, community bank lending has remained relatively strong.

As depository institutions, community banks find themselves in a much better position than most independent mortgage bankers. The economic downturn hasn't hit them with the same impact. Further, you won't find many community-bank mortgage lenders dealing with the subprime blowback. As a rule, they didn't dabble in the subprime product to begin with.

Am I starting to intrigue you? If so, read the following checklist to see if the signs point you in the direction of your local community bank.

A safe harbor

You might be ready to become a community-bank loan officer if ...

You've become a really small fish in a wide-open sea and suddenly feel less like a predator and more like prey.

Brokers have taken a beating in the past three-plus years, and it's hard to say if there's an end in sight. In fact, in Washington, D.C., many of our duly elected officials and the bureaucrats who do their bidding seem to enjoy beating up on brokers.

Already, brokers have had their Federal Housing Administration (FHA) mini-eagle origination privileges clipped. Beyond that, their compensation has been questioned then diminished severely.

The Dodd-Frank Wall Street Reform and Consumer Protection Act features an entire section on mortgage-industry reform, much of which, when implemented, likely will target independent broker originators. Right or wrong, brokers have been vilified as the source of the subprime meltdown and resulting financial crisis.

Community banks, in contrast, haven't taken anywhere near the reputational hit sustained by brokers and some in the independent mortgage-banking businesses.

Because demand for mortgage-lending services will continue — believe it or not — community-bank lenders likely will see an influx of business. This will occur because of their strong reputations, their liquidity and their ability to lend.

Because of this, community banks can provide a safe harbor for quality mortgage brokers who want to remain in the industry while ridding themselves of the constant stream of irritations placed on their desk by regulators, legislators and others.

If that includes you, you might be ready to become a community-bank loan officer.

Worry-free pay

You might be ready to become a community-bank loan officer if ...

The thought of the new loan-originator-compensation rules makes you break out in hives.

In early April, federal-court decisions upheld the new compensation rule despite the efforts of mortgage-industry trade organizations and many individuals. Many promised to continue the fight. Their efforts, however, seem unlikely to succeed.

Like it or not, the fact remains that court action rarely invalidates regulations passed down from government agencies. Industry realists knew this all along. Rather than fight, many simply accepted the likely reality that new compensation rules would kick in — and kick hard.

As a community-bank loan officer, you can maintain the one-on-one customer service that built the foundation of your brokerage while simultaneously jettisoning the compensation uncertainty that continues to swirl.

If that sounds like paradise on earth, you might be ready to become a community-bank loan officer.

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Hello, FHA

You might be ready to become a community-bank loan officer if ...

Trying to originate FHA loans has become so frustrating you feel as if you're aging faster than a termite in a tanning bed.

Having eliminated the mini-eagle designation — and cut broker access to FHA Connection — the U.S. Department of Housing and Urban Development essentially has tied brokers' hands when it comes to originating FHA loans.

This wouldn't hurt so much if FHA loans didn't continue to play a strong role in the market. Although that could change because of increased FHA costs, many homebuyers will undoubtedly continue to flock to FHA's low-downpayment requirement. In many cases, potential buyers can't qualify for any other type of loan.

As a community-bank loan officer, you have the freedom to originate FHA loans without any of the roadblocks currently sending brokers through a detour.

If that sounds like a country drive in sunny weather, you might be ready to become a community-bank loan officer.

Borrower relationships

You might be ready to become a community-bank loan officer if ...

Your marketing program consists of one part wing and one part prayer.

Mortgage-origination business is hard to come by these days, and many brokers find themselves lost when it comes to drumming up new clients.

One of the wonderful things about community banks is the inherent customer loyalty and brand awareness built into borrower relationships from day one. When you're the only game in town — or one of few — marketing becomes relatively simple.

In addition, as a community-bank loan officer, you'd no longer be responsible for your own marketing. Rather than spread your efforts thin, you can focus on originating quality loans.

If that sounds like a dream come true, you might be ready to become a community-bank loan officer.

Renewed pride

You might be ready to become a community-bank loan officer if ...

You're worn out from the uncertainty of the wholesale market and the lack of respect the broker profession currently commands.

Are your kids not asking you to speak at their school's career day?

Do your family members avoid telling people what you do for a living?

Are you hiding under the covers each morning, not wanting to face a heap of headaches, hassles and hardships waiting on your desk?

If so, you might be ready to become a community-bank loan officer. ●