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## The Industry Weighs in on the Effects of the Home Valuation Code of Conduct

By Eric C. Peck

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United Wholesale Mortgage

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# Recruiting From the "Compatibility" Approach . . . the Lost Art

By David Walden

Until recently, I was an owner partner of a mortgage banking operation. Due to prevailing and deteriorating market conditions, the unpleasant decision to close became necessary. After a brief sabbatical for reflection and grasp of the lessons learned, including the fact that self employment has its benefits and its drawbacks and wanting a break from the latter, I decided to enter the job market as an employee candidate for the first time since the early nineties. The experience has been surprising to say the least.

## The surprise

After contacting numerous recruitment/placement organizations, I was rarely interviewed in person or by telephone by recruiters interested in evaluating my personal and professional talents, strengths and weaknesses such as how well I interview; what my wants or needs in an employer might be; what my professional ambitions are or what primary, and even underlying, career goals exist. Instead, most often, I was simply directed to complete an online application and/or resume; submit same and hope for a response that may or may not come for weeks or months later. As an experienced recruiter myself let me assure everyone that is not professional recruiting/placement. That is better described as Internet meat marketing. It's a "quantity versus quality," "for the masses and not the classes" approach to filling positions with the bureaucratic human resources departments of large institutional corporate giants which seem to be the only employers doing much hiring lately. When initiating follow-up on my own, I have been made aware of serious deficiencies in the presentation and marketing skills of most recruiters under the guise of excuses such as, "your resume is intimidating," "you are over-qualified," "you won't be challenged for long before I have to replace you" and a myriad of other speculative possibilities. Yet, if they had invested only five minutes of their time and effort they would have realized that they were definitely not probabilities or certainties. I'm too far down the road in my career to be a slave to my ego and to believe that I am a special case, and I have confirmed that belief within the context of the employment search experience. Far too many mort-

gage industry professionals are experiencing the same lack of adequate and efficient, hands-on representation from the professional recruiting / placement industry. Remember those who handle you with such indifference today when you need them. Times will change and they will again need you in the not too distant future. I am actually restarting my business to take advantage of the opportunities created by this very glaring void.

## The background for the opinion

Let me backtrack for a moment. I am not a fan of hypocrisy and I'm not preaching a version of it here. Fifteen years ago, I formed an outsource production management company specializing in opening new branches in selected markets for mortgage bankers wanting to expand more rapidly than their production management team could effectively make happen on their own. These were turn-key branches assembled with all the necessary parts and were often co-managed by me as a provision of the contract until they could be fully absorbed and indoctrinated into the new employer client's culture. This business model required the formation of a recruiting/placement division to meet the staffing needs, while remaining within cost goals for the branch acquisition. We joined the recruiter's trade association, got their trade news, tips, professional standards recommendations, etc along with those of our own Mortgage Bankers Association. We filled the positions within the new branch with employee candidates based on compatibility and often marketed the remaining book of candidates to other employers within the given market. In doing so, we interviewed the potential employers, as well as the employees. We found that it was often more difficult to find good employers than to find good employees within a given market. We were always honest with our employee candidates relative to their probable success with a potential employer in the event they chose to accept employment. Often, we advised them to stay put until a more compatible opportunity developed. Becoming involved in the potential success or failure of



*"We've all seen successful producers leave Employer A and simply cross the street to Employer B, while offering the same basic menu of programs and competitive prices ..."*

needs and goals are constantly evolving and that the profile of the employer culture with which they are most compatible at any given time changes with them.

Every day, the loan officer in a traditional production culture, primarily serving real estate agents and home-builders, he/she faces the prospect of being blamed for events often beyond their control and being fired by one or both of their employers as a result! To possess the personal self-esteem and professional constitution to endure these challenges daily without succumbing to burnout within three to five year cycles is almost super-human! You deserve to be represented as such.

## No need to go it alone

Top performing producers not experiencing burnout should consider choosing a recruiter to be their agent, and then be patient and allow them to conduct a thoughtful search for a compatible employer. An existing, well-performing team wanting to remain as a working unit for a company being closed or acquired or a good producer with leadership qualities who may not be a "top performer" individually, but can assemble and lead a team of good performers whose aggregate production equates to a "top performing group" can do this too. The recruiter represents the producer or group exclusively on a "no cure, no pay" basis, but the potential employer pays

their tab plus reimbursements for marketing/advertising cost advanced by the producer or group for the search for the employer. Sports and entertainment stars have agents and mortgage stars can too!

## Facing the facts

A top performing producer with a proven track record of quality volume origination numbers will be in demand in any market condition, including the present one. Let's face it ... no employer is going to attempt to recruit one by saying, "We're an awful place to work, so come to work for me and I'll wreck your success." They are going to present and describe their organizations in the best possible light. Those representations are unfortunately often misrepresentations. It doesn't really matter in the end if those misrepresentations are intentional or just prejudicially naive. Think about it. The only difference between murder and manslaughter is the existence of "intent," but the victim doesn't care. They're dead either way.

## An objective solution

To minimize the risk of selecting a new employer in error because they simply told the producer what they wanted to hear, choose a recruiter that has served in management positions with mortgage banks. There are

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## "compatibility" approach continued from page 39

fewer of those than recruiters who simply claim to specialize in mortgage banking placement, but they do exist in growing numbers in most major markets. They have attended production management seminars, sat in management meetings, understand what does and does not make good business sense from both the corporate and the producer sides of the policy equations when mediating and resolving conflicts of purpose. And most importantly, they know what questions to ask employer clients and whether the answers received are indicative of production-friendly cultures. As an employer, I always enjoyed working with knowledgeable recruiters who understood the needs of my business and what works and what doesn't. I had to interview far fewer candidates to find the right one and a good fit. They earned my respect and their fee. As an employee candidate, I wouldn't want anything less.

The employer is often going to be more candid and even drop their guard to reveal true colors with a recruiter working for a placement fee and perceived as an extension of the employer. Likewise, an employee candidate is going to be more open and revealing to a recruiter because they are not the employer. The insights available from these positions of observation and context are invaluable to a good, professionally-executed placement if used properly by the recruiter who can listen through an answer to the real meaning of the answer.

Top producers are almost always entrepreneurial personalities. To continue their success, they would be well-advised to focus employment search efforts on entrepreneurial production cultures. That's compatibility. They thrive best as big fish in smaller ponds than small fish in the biggest ponds. As a recruiter, when seeking to fill positions within traditional and entrepreneurial production platforms serving real estate sales professionals, I found the large, institutional employers to be more valuable as 'farms' than as employer clients because my business model was focused on quality versus quantity.

### Cultural differences

The larger mortgage banks embrace the call center type production platform in part because of the monogamous and structured rules-based culture. Their employees function strictly within their policies and answer only to them. By comparison, the repeat business-oriented, entrepreneurial type of loan officer working within the more traditional production platform culture actually recognizes that they have two different employers ... the institutional lender who writes

their paycheck and their new business referral customers who "employ" their services and give them their very purpose to exist. That loan officer often must serve as mediator when those two employers occasionally find themselves at cross-purposes over turnaround times, subjective underwriting conditions or decisions, meeting contract closing dates, pricing issues, lock expirations and a myriad of other traps that must be cleared in the origination process. The institutional employer demands to be put first by expecting the employee to be a "company man." However, the referral customer expects to be put first because they believe the loan officer's reps and warranties, included by statement or implication, that they would do everything within their power to expedite a competent and professional effort to smooth out all of the bumps in the road on the way to a pleasant and painless experience for their buyers on whom they depend for future referrals to friends, relatives and co-workers for new business!

### Living the life

If the issue at conflict between the two employers is perceived to be "internal" to the institutional employer, the other believes that removing or solving the obstacle is completely within the will of the loan officer's lender and that refusal to do so suggest that either the loan officer isn't making an effort to resolve the problem or his company lacks sufficient respect for the loan officer to accommodate his/her efforts to achieve customer satisfaction. An institutional employer can make a decision within a matter of seconds ... the effects of which can take six months or more to overcome before new business opportunities can be resumed from the business referral customer employer. Often such, decisions are objective and unavoidable. Often ... they are not. Regardless ... when such decisions are made and lines are drawn in the sand as a result, the employer on the losing end usually considers the loan officer to be responsible. Most large/mega banks and mortgage banks cannot deal with this sort of culture. They created policies to serve their business and have evolved into rules-based bureaucracies who now can only serve their policies.

### There's a place and purpose for everyone

Their "don't bother me with the facts, here's our policy" creed wreaks havoc within the entrepreneurial-oriented, traditional production culture which is why few mortgage production stars

practice their trade from mega-bank-owned or -operated platforms. This isn't meant to be an indictment. They really have no choice due to their size and the regulatory scrutiny they face constantly. Some offer an almost mini-university style menu of excellent training programs for a wide variety of subjects for those producers who want to develop expertise in different processes, functions and/or government and conventional loan programs. And they represent very good employment opportunities for many good seasoned mortgage professionals. When burnout for a producer happens and it will at least once during a typical loan officer's career, the call center production platforms particularly at the servicing mega-banks are a good alternative base from which to use one's skills, program and process knowledge and lender experience while avoiding the stress and tension

related to the marketing side of this business to real estate sales professionals and other referral sources.

Again, be self-aware of the culture in which you will be most compatible at various stages of your career and choose your employment opportunities where you can contribute the most.

*David Walden is a 39-year veteran of the mortgage banking industry, specializing in the mortgage production management of retail, wholesale, correspondent and affiliate branch origination strategies, and currently owns Production Solutions, outsourced production management and staffing. In addition, David also owns Risk & Recovery Solutions, conducting mortgage fraud detection, investigation, prosecution and asset recovery. He may be reached by e-mail at [dwalden@productionsolutions.biz](mailto:dwalden@productionsolutions.biz) or [david@randrsolutions.biz](mailto:david@randrsolutions.biz).*

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