

Robbins 3.0 [Mortgage Banking]

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John Robbins has found ways to thrive across real estate cycles. He founded and was chief executive officer (CEO) of American Residential Mortgage Corporation, which grew from the depths of the savings-and-loan (S&L) crisis to a 1994 sale to Chase Manhattan Bank. San Diego-based Robbins then started up and was CEO of American Mortgage Network Inc., a wholesale lender that Wachovia Bank purchased in 2005.

Robbins went on to serve as chairman of the Mortgage Bankers Association (MBA) during 2006-2007. But he wasn't done putting the finishing touches on his resume. A new decade has begun, and Robbins again is starting another mortgage firm.

Bexil American Mortgage Inc. is being formed with backing from Bexil Corporation - a New York-based holding company - and the John Robbins Group. Robbins told Bexil investors in an October 2011 phone call, "Today represents perhaps the best opportunity that I've seen in my 40-year career in mortgage banking for a new player to get into the industry and create a company that can make a significant difference."

Rapid growth is possible for a new company now, Robbins explained in the investor call, because it won't be struggling with loan buyback issues that many existing lenders are facing.

Robbins and his team have acquired warehouse credit lines and a technology platform for Bexil American. Currently they're obtaining state lending licenses and going through the Federal Housing Administration (FHA) approval process.

Besides retaining a management team from his previous startups, Robbins says he can draw on "an enormous cadre of alumni" from those two companies for staffing.

Bexil American will operate as both a retail and wholesale lender, adds Robbins. He expects originations to begin toward the end of the first quarter of 2012. Initially, the firm's emphasis will be on wholesale lending - but over time, the two company divisions could have equal volumes.

Bet on brokers

Robbins is bullish on mortgage brokers. "Brokers are more responsive" to consumers, he says. "They do a better job, by and large, than their counterparts in large financial services firms," Robbins says.

Consumers view brokers as they do independent insurance agents, he notes, because they shop for borrowers from a number of loan providers.

Mortgage broker market share currently is about 20 percent to 25 percent of total volume nationally, Robbins estimates. He pegs the number of brokers still in business at 15,000 to 20,000, and thinks their numbers and market share will grow.

"Face-to-face is the best way to work with customers," Robbins contends. Borrowers use the Internet to shop for loan rates, but then prefer "to work with a live person," he adds - "someone they can hold accountable" when obtaining a mortgage.

Background checks are performed on mortgage brokers as part of Bexil American's approval process, Robbins notes. Each newly approved broker will have at least their first 10 to 20 loan applications re-underwritten, and all data re-verified "to make sure the quality is as stated," adds Robbins. Bexil American also is developing its own quality-control software.

"Compliance is the biggest issue today relative to closing loans," states Robbins. He believes the regulatory and political climate has made compliance "punitive" against the mortgage industry. Yet that approach is keeping real estate from leading the nation's economic recovery, as it has after previous recessions, he argues.

But he contends that profitability is possible today. Connectivity tools decrease the need for local branches, Robbins explains, and cut overall costs. He recalls that American Residential had 103 offices at its peak, and each had a lease for one to three years. When a downturn came, he says, "they're like an albatross around your neck." Every office also needed to hire processors and closers.

Bexil American will let some loan officers and wholesale account executives work out of their home offices, explains Robbins, and processing will be centralized. A combination of technology and training also will help Bexil American provide timely loan decisions and closings, he adds.

A growing market

Home-lending conditions will improve as Bexil American grows over the next few years, forecasts Robbins.

"There's a tremendous [demand] bubble being developed," he states, because many consumers who want to purchase can't currently qualify for a loan. Others are waiting to see if home prices fall further. Some owners interested in refinancing can't do so because their property's value has fallen.

But once the economy improves and foreclosures slow, Robbins expects "extremely favorable markets" to assist the industry. Secondary markets also will revitalize, adds Robbins, and he forecasts that jumbo loans will be a staple product for Bexil American.

Opening a business is less daunting the third time around, Robbins says. His goal is to build Bexil American to origina tions of more than \$1 billion monthly - a milestone that both of Robbins' prior enterprises reached. "I tried retirement twice, and flunked it both times," comments Robbins. "I'm glad to be back in mortgage banking."

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