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# Is This the Year You Hire or Retire?

Change abounds, and it dictates if you will grow or move along

AS THIS YEAR COMES TO A CLOSE, IT'S a good idea to look ahead at trends that will affect the mortgage industry in the coming year and beyond.

Clearly, the mortgage industry is at or near a low point. How long we will stay at that point — or if it will get any lower — remains to be seen.

Whatever happens, brokers must assess their business and position themselves for a future that could include more originations and higher interest rates.

Because any uptick in the economy or housing market should result in more business for brokers, you may want to consider two options:

- 1. Hiring more employees** to handle increased volume and to remain competitive.
- 2. Retiring from the old way** of doing business, perhaps by joining a larger lender that can meet new compliance and regulatory requirements.

As you likely know, the yield-spread premium is a regulator target, and brokers shouldn't be surprised if it goes away or is changed significantly. If it does, can your business succeed on origination fees alone?

An interest-rate increase also seems inevitable. Record lows can't be sustained in any cyclical business, and mortgage rates are no different. When it comes to rates, brokers should work toward and promote reasonable increases that don't catch borrowers off-guard or out of breath.

Moreover, if wages increase, higher interest rates may be affordable. Many experienced professionals have worked through higher-rate environments in which demand did not evaporate.

It also seems unlikely that home values

will increase drastically any time soon. A continued trend of lower home prices should increase affordability for some time to come.

Another trend that has affected and will continue to affect the mortgage industry comes via technology, which offers opportunities for better customer service and interaction. Many brokers anticipate closing their loans electronically without the use of printed documents. Another possible development is a virtual closing, using live online-telephone and -video services.

Brokers looking to embrace technology should work toward simplification and integration of new systems. Borrowers might be as excited as you about paperless or virtual transactions. But they won't remain excited if those technological solutions change into stumbling blocks that stall closings. In addition, a great idea is just that if no one adopts it.

Regulatory trends and changes also will continue to define how brokers do business. What new laws will be passed, amended, developed, held up or denied remains uncertain. Even so, elected officials and regulators almost certainly will be more involved in the mortgage industry next year.

A possible advantage of increased regulation is job creation. More employees could be required on the broker and government ends. Moreover, some regulatory changes could yield technological solutions and workflow changes. Then again, regulations could create more compliance-related costs for brokers and limit pay. Overall, trends sparked by legislation seem likely to lead to consolidation in the brokerage sector.

Brokers who fail to keep up with trends and plan for possible changes — regardless of how or where they occur — could find

themselves sitting idle while their industry transforms around them.

Whatever trends come about in 2010, being an early identifier of which direction the industry takes could determine whether you as a broker should hire for your business or retire from your current practices. ●

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