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The New Year Brings New Opportunities

Launch 2012 with lessons you learned from the past year

It is important to learn from the past — from successes as well as failures. Much has been learned in the mortgage finance industry since the housing crisis began in 2007, but there is still more to learn and to improve upon. As 2012 begins, mortgage brokers and originators should look back on what they experienced and learned in 2011 to be better prepared for, and to capitalize on, new opportunities this year.

One of the most important changes in the past year is the implementation of the Nationwide Mortgage Licensing System (NMLS), which has revolutionized the mortgage industry and licensing methodologies. This system came into effect on Jan. 1, 2011, under the Secure and Fair Enforcement for Mortgage Licensing Act (S.A.F.E. Act), which establishes minimum standards for the licensing and registration of mortgage loan originators.

Although the process may seem like a nuisance, originators who pass the federal and state NMLS exams, as well as background and credit checks, find themselves in elite company. This system may eliminate much of your competition and elevate the quality of originators by setting the bar at a substantially higher level. Earning an NMLS designation is a prestigious credential.

For the qualified originators remaining in business, opportunities are available — if you know where to look. Distressed properties have been expanding their market

presence since 2007. Real estate owned properties have been a continuous source of purchase financing and likely will increase as lenders begin to release shadow inventory into the market this year. Short-sale purchases are full of closing challenges, but they exploded onto the housing market in 2011 and likely will continue to grow. Originators who partner strategically with listing agents and short-sale negotiators may see a definitive increase in business.

In addition, originators likely will see an increase in investment property or non-owner occupied loan requests. Although many long-term investors pay cash, a new group is abandoning stocks, bonds and the money market to invest in residential real estate. A portion of these investors will need financing for their purchases. Originators who learn about non-owner occupied financing sources can position themselves to take advantage of this niche.

More competitive jumbo loan pricing also is likely, as the temporary high-balance loan limits of Fannie Mae, Freddie Mac and the Federal Housing Administration are reduced. Mortgage originators should connect with licensed multi-state mortgage bankers who offer all loan products. Government financing opportunities with entry-level Generation Y buyers will continue to grow, but lending guidelines likely will remain tight until there is a more-positive economic outlook and improved business and consumer confidence.

Growth in the real estate market won't be substantial until after the fear of shadow inventory and the uncertainty of tight lending dissipates. When that begins to happen, the market should progress from the current cycle, which is stuck in the stabilizing/absorption stage, to the expansion/appreciation stage. With the Gen Y population beginning to enter their household formation years, there is an emerging and strong entry-level buyer base that could herald a more-robust housing market.

By learning from the lessons of 2011, mortgage brokers and originators should be prepared to take advantage of the opportunities that this year will bring. ●

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