

## Get Smart

### Brokers can gain a competitive edge with continuing education and professional development

By **Kamran Khosravi**, president, American Guardian Home Loans

**I**N THE REALM OF CONTINUING EDUCATION and professional development for brokers, there are two forces to consider: 1. As competition heats up for market share, we will see survival of the fittest — an informed broker is a fit broker; and 2. More than 115 pieces of state and local legislation are under consideration this year that could create, broaden or strengthen licensing requirements for mortgage-industry professionals. Many of those bills will include expanded educational requirements for licensees.

For the purposes of this article, continuing education is defined as educational credit hours that can fulfill state-licensing requirements. Professional development encompasses everything else: reading trade publications, attending trade-association and lender-sponsored seminars, networking with peers and more.

To keep up with the evolving industry, brokers must continually participate in professional-development activities. Along with the aforementioned activities, this can mean taking part in industry education programs, monitoring local and national legislation and listening to lenders' concerns.



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Specifically in the nonprime and Alt-A markets, lenders find competitive advantages to working with brokers who are well-versed in the nuances of “challenging” borrower scenarios. If you want to work with the best, you have to be the best. Your pursuit of knowledge should serve a purpose greater than simply fulfilling state licensing requirements. It is a strategic investment in your business and your future.

#### Future licensing rules

Dick Howarth, a California-based loan consultant, says that because of the increasing licensing requirements and the changing marketplace, continuing education and professional development are “the wave of the future.”

“As time goes by, we are going to be asked to further our education and learn more about our field,” he says. “To be successful, we need to be able to impart that [learned] information to our client.”

Riding this wave of professional development is the Mortgage Bankers Association (MBA), which launched its Campus-

MBA continuing-education division in 2001. CampusMBA is approved to provide mortgage-lending continuing-education for licensing credit in 23 states, says Krista K. Sabol, senior specialist for education communication and technology at MBA. More than 100,000 real estate finance professionals have taken classes or purchased materials from CampusMBA in the past five years, she says.

CampusMBA also uses professional education to help the industry's workforce better represent the communities it serves. Through its Mortgage Career Paths program, one of the several diversity programs offered, MBA and others provide free online training and career-placement services to qualified applicants. This increases the industry's talent pool.

The Web-based offerings include courses for state-licensing credit and professional development.

In 2000, 7,500 students were enrolled in Web-based courses; today, almost 40,000 students have taken advantage of online learning, Sabol says.

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“CampusMBA has seen increased demand and the need to help professionalize the industry,” she says.

### Premium on knowledge

Although mortgage-banking folks might be sensitive about calls for increased “professionalization” in the industry, there is a movement to increase regulatory oversight and on a more informal level, to enhance the mortgage industry’s overall image.

Howarth and other industry veterans are concerned about consumer impressions of mortgage- and banking-industry professionals, and they see professional development as the solution. In a heated lending market, Howarth worries that consumers have lost some respect for bankers and mortgage brokers as professional service-providers.

“You hear the advertising promises that some of these dot-com companies make over the radio, and they are based on nothing but volume,” Howarth says. “[The companies] hire people, put them on a phone and expect them to originate business, but they are more interested in profits than in being well-informed.”

Howarth says credit-scoring is an example of an area in which he sees a particular lack of knowledge among mortgage-origination professionals. He would like to see brokers know how borrowers can improve their credit scores and how credit plays into qualification procedures.

“Since [FICO] came into existence, there hasn’t been enough of an understanding of how people are graded,” Howarth says. “They devalue scores for reasons that are difficult to understand. We need to gain knowledge so that we can be more helpful.”

As competition and interest rates rise, Howarth, a 36-year industry veteran, predicts that consumers will place a higher premium on this kind of knowledge and expertise. He says this can lead to borrowers trusting

brokers, and “if they trust you, they’ll give you repeat and referral business.”

### Staying on the ball

The key to maintaining that repeat and referral business, Howarth says, is to take advantage of continuing-education opportunities, including internal monthly meetings, weekly e-newsletters, lender-sponsored seminars and trade associations’ online classes and seminars.

It’s not enough to stand still, says Jack Williams, president-elect of the California Association of Mortgage Brokers (CAMB) and a 15-year industry veteran.

“There’s definitely more to know [than when I started], but there are probably 10 times as many loan officers out there, too,” he says. “The day that loan officers or brokers feel that they don’t need any more education is the day that they are fooling themselves. This industry changes all the time.”

Williams says he spends at least five to six hours per week on professional development, a large portion of which includes reading trade publications and CAMB industry updates. It’s not time-consuming, he says, but it is important.

“You just have to discipline yourself to do it,” he says. “The broker has got to be able to explain the loan process to the consumer.”

Williams says that CAMB wants loan originators to have basic knowledge, from origination to processing to funding the loan. CAMB offers eight courses approved by the California Department of Real Estate (DRE) for continuing education, plus professional-development courses that cover topics like marketing and salesmanship. The Real Estate Settlement Procedures Act, credit-scoring and Regulation Z (the Truth-in-Lending Disclosure Statement) are among the topics that Williams says “good loan officers should have in their hip pockets.”

Consumers become more aware of the opportunities to improve their personal financial situations through home-equity lines of credit and mortgage refinancings, so more brokers are using education as a business-development tool for promoting

repeat business. Successful brokers can market themselves to consumers as capable and knowledgeable consultants, not just order-takers or salespeople.

“Anybody can give you a quote over the phone,” Howarth says. “As time goes by, we are going to be asked to further educate ourselves. And to be successful, we will have to impart that knowledge to our clients.”

Matthew Antinarelli, owner of a California-based mortgage company, says his company’s mission statement is based on repeat and referral business, which makes continuing education and professional development an absolute necessity.

“The basis for that mission is providing service beyond expectations,” he says. “I don’t try to educate my clients on every type of product that is out there. I educate them on the types of loans they qualify for.”

Governing bodies such as the California DRE, as well as seminars and Web updates from trade associations, help mortgage professionals stay informed. Antinarelli says he also relies on relationships with his lenders to stay up on the latest products on the market.

“Every single client is different,” he says. “The more information and experience a company has under its roof, the better equipped it is to pass on benefits and knowledge [to the consumer].” 

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