

Birmingham Business Journal - April 14, 2008  
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## BIRMINGHAM BUSINESS JOURNAL

Friday, April 11, 2008

# Outlook uncertain for mortgage companies despite uptick

Birmingham Business Journal - by [Crystal Jarvis](#) Staff

While the total amount of loans originated in Birmingham declined within the last year, profits picked up for mortgage lenders in late January and February amid the short-lived refinance boom.

Residential loan originations jumped to \$240 million in February 2008, compared to \$150 million worth of loans in February 2007 - a 60 percent spike, according to the Mortgage Report, a database that tracks information on the local mortgage industry.

Rob Henger, CEO of **Birmingham's Henger Rast Mortgage** Corp., said the sudden increase in loan volume was caused by a wave of homeowners looking to refinance their home after recent interest rate cuts by the **Federal Reserve**.

Between December and January, the mortgage lender reported \$10 million in new loans compared to \$17 million by February. The company received 43 loan applications in one day, Henger said.

Then, in March, sales slowed down again to about \$9 million, Henger said.

Within the past year, the total number of loans originated in Birmingham slid to \$2.3 billion by year-end 2007, compared to \$2.5 billion in 2006, according to the Mortgage Report.

Many mortgage lenders are also seeing an influx in business after many smaller lenders faced pressures from the subprime fallout and exited the market, Henger said.

Though the refinance boom has increased profitability, the volatile market is taking its toll on mortgage companies trying to weather the storm.

Henger Rast laid off half its staff within the past year, Henger said. Today, it has 25 employees that, at times, are taking on twice the load.

"The business is so up and down because of the interest rates; it's very hard to manage staff and work flow," Henger said. "It makes for sleepless nights."

**Superior Bank**, Birmingham's No. 2 residential mortgage lender behind No. 1 Regions Mortgage, originated \$21.9 million in loans between January and February of this year, compared to \$16.1 million in 2007.

Frank Pritchard, director of mortgage for Superior Bank, said he expects to see more sales within the next couple of months now that "people have come to grips with what they can get for their house."

Since supply is higher than demand, many sellers have been more willing to lower the prices of their homes to hopefully get it off the market, he said.

Overall, the Birmingham-Hoover metro area's housing market this year declined by 3 percent through February 2008, which may have a more significant impact on the state's housing market than what it might seem on the surface, said Grayson Glaze executive director of the **Alabama Center for Real Estate** at the **University of Alabama**.

"While every local market is unique with some stabilizing sooner than others around the state, the overall Alabama real estate market during the first half of 2008 will continue to reflect a period of correction," he said.

Lawrence Yun, chief economist with the **National Association of Realtors**, said with a thriving local job market, historically low mortgage rates and affordable homes, Alabama's economy should hold its own amid a rocky economy.

"All of these are a good combination to hold the housing market on firm footing," he said.

[cjarvis@bizjournals.com](mailto:cjarvis@bizjournals.com) | (205) 443-5630

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