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'It took Wall Street roughly six years to push the envelope beyond good business practices. I believe it will take half that time to weed through the corrections.'

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Page: 4-D

ROY L. WILLIAMS News staff writer

ROB HENGER Title: President, Henger-Rast Mortgage Age: 41

Hometown: Pittsburgh Education: Bachelor's degree in finance from Gettysburg College Work history: Spent 17 years in mortgage lending in Birmingham at Pinnacle Bank, RealtySouth's MortgageSouth division and SouthTrust Bank. When Wachovia Corp. bought SouthTrust in 2004, Henger bought Rast Mortgage LLC from the Rast family and formed Henger-Rast Mortgage.

Favorite book: "When the Wind Blows" by John Patterson

In his iPod: "Absconded by my 8-year-old daughter, so there is no telling what songs are on there. I would venture a guess of Hannah Montana."

About Henger-Rast Mortgage: Full-service mortgage banking company providing conventional, FHA and VA loans. 24 employees

Mortgage banking veteran Rob Henger, owner of Henger-Rast Mortgage in Cahaba Heights, says his business has largely avoided the subprime loans that led to the current financial crisis, but it couldn't avert the slowdown plaguing the real estate industry..

Henger is hopeful that the \$700 billion economic bailout bill passed by Congress in late September will soon boost the economy. He shared his views of the Birmingham real estate environment and his thoughts on how long he thinks it will take to turn things around.

How tough of an environment is this for those trying to market mortgages and sell homes?

The numbers are similar to the market we saw in 2003. Due to these reductions in home sale numbers, the current trend in the real estate industry is one of purging the part-time or hobby Realtors and companies, and the stronger, more experienced ones will survive.

Birmingham residents should find confidence that these surviving Realtors and companies are highly qualified professionals that can best represent their clients' needs. This is a great time to buy a new home. If you make a family decision to investigate selling your existing home, you may find some disappointment in what your current home is worth and your equity is smaller than you may have thought.

However, there are many homes on the market that are significantly under-priced for the value. Hence, what you may perceive as low equity in your current home, you may pick up twofold in a good deal on a new home.

How have things changed for you as a mortgage banker now compared to a few years ago when the housing market was booming?

The credit criteria that we follow in 2008 significantly mirrors what we saw in 1998. This correction in our industry was a result of the greed of Wall Street mortgage-backed security traders that systematically lowered credit standards to inadequate levels from 1999 to 2006.

This easy financing significantly increased the numbers of possible home buyers and lowered the qualification for high-priced home purchases. Ultimately, the performance of these illunderwritten loans began to come to the surface in 2006 by the bond rating agencies, and our industry has been working through corrective measures ever since.

Have you had to turn down a larger percentage of applicants than in the past?

Yes and no. The single biggest segment of home buyers that are finding difficulty are the self-employed that employ aggressive income and expense tax strategies. Those self-employed who under-report income to lower taxes are being hurt by that when it comes to getting loans.

. . . Today, we underwrite loans just like we did 10 years ago. If you have good credit, a small down payment, possibly as low as 3.5 percent, and documentable income, not much has changed for this borrower's ability to obtain a standard conventional or FHA mortgage.

Have you tightened lending standards?

Prior to the U.S. Treasury taking receivership of Fannie Mae and Freddie Mac, we were finding periodic tightening of lending standards that restricted the number of loans that were being approved due to possible liquidity issues. Now that the government has taken over these agencies, we are finding a repeal of some of the over corrections to underwriting standards.

Today's credit standards are getting back to realistic, common-sense levels that we saw for many years prior to Wall Street's meddling in our industry.

Birmingham has largely avoided many of the foreclosures taking place across the country, but numbers are up this year. Do you expect that trend to continue here and nationally?

Regretfully, we will see further increase to foreclosures as our industry corrects itself. New national estimates

project foreclosures to exceed 2 million homes in 2009.

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The good news is we are two years into what I believe will be a three- to four-year correction.

Birmingham housing prices are off slightly but holding their own compared to other cities. Why is that?

Our city is not significantly driven by a single industry, natural resource or advantageous location. Therefore, Birmingham does not see the highs or the lows of other regions.

How has your company fared in the midst of this housing meltdown?

The liquidity crisis has impacted our ability to provide aggressively priced low mortgage rates on loans over \$650,000. To fill this void in our business model, we were very fortunate to be granted our license to underwrite government insured mortgagees for the Federal Housing Administration.

With the recent increase in the maximum FHA loan size to \$271,050, our company managed to post a moderate profit for our fiscal year ending Oct. 31.

The bank bailout bill has failed to alleviate the credit crunch so far. What are your thoughts on that?

The unselfish answer: As a taxpayer, I am very supportive of the change in direction from the bad mortgage bailout to leveraged investments in publicly traded companies and banks. The public perception was our government was going to spend \$700 billion to correct the sins of Wall Street.

Rather than spending taxpayer money, (Treasury Secretary Henry) Paulson has redirected his efforts to investing our tax dollars in what he believes are sound companies that will eventually recover and repay or provide significant investments returns on our tax dollars.

The selfish answer: As a mortgage banker, I would love to see a portion of these funds allocated to subsidize lending, to drive down interest rates, to stimulate home buying. This stimulus will bring back consumer confidence that our home is not only a shelter, but a great investment.

How do you relax away from work?

I love to spend quality time with my wife, Tiffany, 8-year-old daughter, Sophia, and 5-year-old son, Nick. Between work and family life, there is not much time left for personal relaxation.

I do not golf, but have a motocross motorcycle that I occasionally ride in the woods to get exercise and relieve tension.

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