



The source for top originators

NMP MORTGAGE PROFESSIONAL OF THE MONTH

Brian Kent, General Manager C2 Financial

BY DAVID J. COSTER

Mortgage brokers are often referred to as “mom and pop” mortgage operations. That is because the average mortgage brokerage is very small, having only one, or just a few, originators. But C2 Financial is not your typical mortgage broker and it’s a place where the words “mom and pop” do not apply. With more than 500 originators closing well over \$1 billion in loans annually, C2 Financial is one among the largest mortgage brokers in the U.S.

Among the leadership team of this brokering behemoth is Brian Kent, the firm’s general manager. Brian was selected as National Mortgage Professional Magazine’s Mortgage Professional of the Month after being nominated by United Wholesale Mortgage (UWM). We recently had a chance to sit down with Brian to learn some more about him and C2 Financial.

Tell us how you first got started in the mortgage business?

I graduated from college in 1993 with a major in biology, not exactly sure what direction I was headed. I took a job in the laboratory at The Scripps Research Institute in La Jolla, Calif. and worked there for a few years, but realized the



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lab was not for me. Long story short, I completed the sales training program at Northwestern Mutual Life (NML) in the insurance/investment/group benefits space. A mortgage company called in one day needing assistance with group benefits and a 401k plan. The owner and I got along well. He needed someone to help expand his business and offered me a recruiting position at the company and I accepted. That was 15 years ago.

Tell us about C2 Financial.

C2 Financial is a mortgage brokerage/banker based in San Diego, Calif. We maintain approximately 50 wholesale lender relationships and focus our state approvals in the West, including Arizona, California, Colorado, Nevada, Oregon and Washington, not to mention, we have a great group in Florida and Texas as well. We work with self-sufficient, seasoned originators who hold ethics and compliance in the highest regard, but don’t need or want a lot of hand-holding. Most of our folks are with us because, other than compliance—which we are strict on—we stay out of their way. And because of our volume, we have access to some of the most competitive wholesale rates, and preferred service with our lenders. In fact, when talking with prospective originators, we frequently are asked to do a rate comparison. Nine out of 10 times, our rates are superior—and not by a little. It is the combination of our rates, relationships and resources that allow C2 originators to provide the best pricing and service to their Realtor partners and clients, which create clients and Realtor partners for life, critical to a career originator’s success.

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You believe very strongly in the brokerage model. What is your philosophy about this model of lending?

While we have recently started banking some loans, our main focus has always been brokering because brokering comes with freedom. With brokering, you're not stuck submitting to a single entity. At our core, we like the free-market system where the originator has choice. We strongly believe that the mortgage brokerage model is best for both consumers and mortgage professionals, and C2 is committed to being the best.

Many originators have joined us who were previously with a bank. If their bank's rates were out-of-the-market, or service was lacking, they were stuck with that one option, forced to sell a higher rate, or forced to make excuses to their client or Realtor about service delays. With over 50 wholesale relationships, our originators can submit to the lenders who are providing the best rates and service at the time. If a lender's service levels fall during a busy time, it's not a problem, because there are 49 other wholesale lenders to choose from.

What is the overriding philosophy of C2?

It's easy to get lost in the day-to-day business. But a company philosophy I think is critical, so I'm glad you asked. Our philosophy is this, which I'll paraphrase from our manual: Our titles vary. We are mortgage consultants, we are loan originators, we are loan officers, and we are mortgage brokers. What does not vary is that, every day, borrowers entrust us with one of the most im-

portant financial decisions of their life that, if not executed properly, can have long-lasting repercussions as was witnessed in 2008 during the mortgage meltdown. We do not take that responsibility lightly. We do what is best for the client, not what is best for our pocketbook, as some brokers before us have done. We know by doing this, we not only are doing what is morally and ethically right, but we know this belief system will result in our borrowers referring us additional clients, the underpinnings of a long-term business model.

What is it about the mortgage industry that you most enjoy?

Nothing gives me more satisfaction than solving problems, which results in a better originator and borrower experience. Creating a solution, a tool and seeing folks benefit from it is quite a reward.

When I first came into the industry in 1998, originators spent hours poring over guidelines looking for a lender that could do some obscure niche. Originators were constantly asking us: "Which lender has what niche?" but we didn't have the answer. However, we were good listeners. So I grabbed our Web designer and we developed a very simple "Niche-Finder" tool. The AEs would log-in and indicate what niches they had, and our LOs could log-in to easily search the lender niches. It was simple, but very effective. That saved tons of time, allowing originators to focus on marketing, instead of program-hunting.

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Finally, I would hear about which lenders were doing a great job, and which were not. But that is information that our other LOs needed to hear—not me! So we created a tool we call "The Good, the Bad and the Ugly" and our "AE Scorecard" on our Web site, allowing our LOs to post feedback on each lender

they used. While the original intent of the tool was to recognize the best lenders for "a job well-done," these tools have done wonders for our service levels with our lenders as there is accountability. Nothing makes my day more than emailing an AE and their boss when a "Good" posting is on the Board.

It seems that your Web site is what really differentiates you from the competition.

We definitely hear from our originators that our Web tools are helpful. The bottom line is that if there was something that we could use our Web site for to make the lives of our LOs easier, better and more efficient, then we did it. Often, we were just good listeners. If at our quarterly sales meetings, someone said, "We're having trouble with 'X' issue," then we would delve into the topic and seek a solution. Many times, the issue is solved using a Web site tool. Our philosophy is that if one originator is running into an issue, others probably are as well, so we're going to do our best to try to solve the problem.

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Would you recommend this industry to young people seeking a career?

I think, for the right person, this can be a great career choice. But, it takes a very unique blend of skills and talents, from being tech-savvy, to having an eye for marketing, being a student of loan programs, being good with math, a strong delegator and excellent provider of customer service. Most jobs divide up those skills. In our business, you have to be fluent in all of those areas.

What are the biggest challenges you are facing? How about opportunities?

I think the biggest challenges are overcoming misperceptions. There's been a lot of noise about QM, the three percent cap, etc. But by and large, our average comp is about 1.75. Most of our originators aren't impacted by the three percent cap, especially since many lenders are "building in" their fees to the rate. We don't own a title, escrow or appraisal company, so none of those fees are counted in the three percent cap.

Certainly, keeping up with the regulations is a challenge. However, we are fortunate to have excellent compliance attorneys who keep us up-to-date. They read the regulations, digest it all and give us the bottom line. Then, we implement it in a format

that is originator and borrower-friendly. Many originators who have joined recently decided rather than deal with having to keep up with everything themselves, we can do it for them, and they can focus on originating and marketing, not worrying about questions like, "Can the RRA be sent out before the ITP, and under the new QM, does the GFE need to go out with the BSA or BCA?"

The main challenge is, of course, shifting to an almost exclusively "purchase" market, but in conjunction with our lending partners, we've been doing lots of sales training Webinars and seminars on making the shift, for those who haven't yet. Additionally, to help supplement lost refi volume, in addition to a reverse mortgage department, overseen by longtime RM originator Monte Howard, we've recently rolled out a banking channel which is a nice option.

Where will your firm be in three years?

It's always tough to project, especially in our industry, as we're so closely tied to what rates and the economy are doing. However, our long-term plans are to continue growing as we have been, adding about 10-15 originators per month, and continuing to be proac-

tive, looking for new opportunities as they develop, adding new states when warranted, continuing to add new tools to our Web site and new resources to our library to make our originators the most efficient, effective and experienced in the industry. With the excellent corporate staff at C2, along with the great sense of community amongst our seasoned originators, we have no doubt we can reach that goal and beyond.

You were nominated for NMP's Mortgage Professional of the Month by United Wholesale Mortgage. How does that make you feel?

It is an honor and I am truly appreciative. It is a sign of a strong partnership with United Wholesale Mortgage and an indication that they value not only what we are doing, but also how we are doing it. The relationship between brokers and wholesale mortgage bankers is one of the competitive advantages that helps deliver the service and value that consumers have come to expect from mortgage brokers in general and from C2 Financial in particular.

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