



MAM 182: Will There Be People Involved? – Our Interview with Drew Anlas

Tom: Welcome to the podcast. Today my guest is Drew Anlas. Drew is with NJ Lenders and this is episode number 182, 182. Drew, welcome to the podcast.

Drew Anlas: Thank you Tom, and thank you for having me today. I appreciate it.

Tom: Let's start out and tell us what you do and then we'll get into a little bit of history.

Drew Anlas: Yes Tom I've been a mortgage banker for 34 years now. I started on Valentine's Day in 1984 for a now defunct bank called Shadow Lawn Savings and Loan where I learned the trade and moved out onto my own in 1987, and I've been doing it ever since.

Tom: Wow. So you started working in a bank and now you're with NJ Lenders which is a mortgage broker.

Drew Anlas: Mortgage banker.

Tom: Okay. So explain so we can understand a little better, because you'll find mortgage people that work in a bank and then you'll find mortgage bankers and mortgage brokers. Can you shed a little light on the differences?

Drew Anlas: Yeah, and that's a very important question. I get asked that a lot, the difference especially between a mortgage broker and a mortgage banker. The difference between a banker and a broker is a broker cannot issue their own commitments, they do not lend their own funds, they're brokering to a third party source to do basically all of the hard stuff. They do the processing, but then they rely on outside bank underwriters, other banks to supply funds, et cetera. As a full fledged mortgage banker you can originate, approve, close all of your own loans, which is what we do using bank warehousing lines. So when we close a loan and then we sell the loan we'll replenish our warehousing lines so we can lend again, and again, and again. So a bank is just whoever they are, they're a lending source for whatever loan products

they have. As a banker we can sell to 45 to 50 different lending sources around the country, therefore giving the customer the ultimate opportunity for product rate, et cetera.

Tom: So that also gives you a lot of flexibility if you're trying to help someone get a mortgage and it doesn't go through what you would think a traditional channel you can go elsewhere.

Drew Anlas: Yes, and it's important. Our underwriters and our loan officers have to know the guidelines and the rates every day of over 45 to 50 different lending sources. So it is challenging because you do not only have to know one product line, you have to know 45 or 50 product lines. But as I'm sure you in the financial world and insurance it's similar to that where you have access to a lot of different avenues to go. So an advantage is being able to help a customer if they're not fitting inside the box 100%.

Tom: Right. Well that's a lot of moving parts there.

Drew Anlas: Yeah. I relate getting mortgage to putting a jigsaw puzzle, and the jigsaw puzzle you're missing that one piece and you're sitting there fighting trying to get a loan approved or closed and you got to find that missing piece. So when you go to a one dimensional source if you're missing that one piece and you can't find it you're done where we can maneuver and try to figure out the best way to get the loan approved and closed.

Tom: All right, so walk us through your history. So you started with Shadow Lawn back in the '80s how did you get from there to here?

Drew Anlas: Well funny story about how I actually got in the business is my father was the township engineer in Nutly and he was also a land surveyor so we did all the land surveying work for Shadow Lawn Savings so all through my high school and college career anytime I had off I was doing surveying work all in the area here in Monmouth and Ocean County and one day the bank called me into their office and they said, "We've met you a bunch of times as a surveyor, what would you think about being a loan originator?" And not knowing any idea what that meant the first and only question I really had is, "Are there people involved?" And they said, "Yes." And I said, "Well count me in." And the reason for that, because I don't know if you know the life of surveyor especially back in the '70s and '80s, there was a lot of vacant everything, vacant land, vacant housing, so we were kind of always out on our own cutting through woods, and lines, and housing, putting housing stakes in and it was very lonely and it was not my personality to be all out there by myself every day. So that was how I got in the business and Shadow Lawn just happened to be there for the first three years of my career.

Tom: Uh-huh. That's pretty good. So how did you then ... Walk us through from Shadow Lawn to NJ Lenders?

Drew Anlas: So after I was at Shadow Lawn for a while I realized I was not meant to be working for somebody, I was not a person that liked to be told what to do, I liked to run my own show. So in 1987 at the age of 26 I went out on my own as a mortgage banker, got my license, opened up my own company, started doing bi-weekly mortgages and I enjoyed that for about 10 years. I had 3 kids over that 10 years and then I merged with a company called Select Mortgage and Brick who's no longer in business in 1997. From there I went to Mortgage Master in 2010 and then NJ Lenders three years ago. So always kind of pushing to see if I can get in a position to help more people, whether it be sales people of my own or customers.

Tom: So when I think back to what interest rates and what the real estate market around here was like in the '80s, and then through the early '90s not so good, and then through the last decade, going back 10-12 years ago crazy. What was your perspective being on the ground level?

Drew Anlas: Yeah the market being ... Well first off, I've been in the business 34 years now so I've seen every cycle imaginable.

Tom: A couple of times.

Drew Anlas: A couple of times over. But the craziest thing was obviously right out of college taking the job with the bank and seeing fixed interest rates at 15.25, that was kind of crazy, at that point was kind of institution of the adjustable rate mortgage and the graduated payment loans, and the problem with the graduated payment loans is they had back at that time which was known as negative amortization or deferred interest, so the loans back then were starting to get creative because the cost of the fixed rate loans, so the adjustable rates were much, much cheaper, but they also had high risk. But at that time people just wanted an alternative, I can't pay 15.25, give me 13.75.

Tom: Oh man.

Drew Anlas: So it was a wild time and the irony though is when you look at the affordability index which you in the financial world will notice right away, is it didn't seem that challenging even with the rates that high because property values, property taxes, insurance costs, everything was just so cheap. I think my average loan amount in the '80s when I started was only about maybe \$50-75 thousand as an average. Now it's like \$300 thousand, so it's quite the difference.

Tom: Yeah. So we've seen these slumps, I know '91-'92 the market really slid here in New Jersey and then it started to come back pretty nicely. It seemed at least on the other side to seem pretty steady through the '90s as the market came back. But what happened in 2003, '04, '05, 2006, things just kind of went crazy.

Drew Anlas: Yeah. What happened is in any good market when you want to recover you the availability of credit to ve there and the problem was when the sub-prime mortgages and the alternate mortgages came out they started offering them with a lot of normal underwriting guides, things that made sense. We would look at and say, all right the no income verification loan when it first started it was for people that were self-employed that had 30% down and excellent credit. Well then what happened is the banks and Wall Street, the secondary markets, everybody started seeing that it was very popular and they started getting involved and creating different ways of putting these loans together.

Right before the actual sub-prime crash, I remember one loan I did vividly because I looked at it and said I just can't believe that the bank is allowing us to do this, it was basically a no income verification loan, an 80/20 split, which meant it was an 80% first mortgage and a 20% second, 100% financing and it was a no income verification done strictly off of bank statement deposits, and the credit score was in the low 600s, which at that time was very low. So we started seeing it very obviously. Our underwriters would come to us and say, "Can we do this?" And we're saying, "They're buying it. We can do it, it's approvable, it's doable." So even though we knew at the time it was not a good loan it was still available. And as our job as mortgage bankers is not to tell people we can't do a loan. If there's an avenue and it's an option we have to utilize it.

Tom: Sure.

Drew Anlas: We can't say we don't like it, we're not going to do it, it was available. So the mortgage bankers after that crash really took a brunt of the backlash of what happened. We made these bad loans, we did, and it really wasn't the case, we were doing what was available to us and the crash was just basically a compilation of too many things going wrong at the same time. So it was unfortunate and it was obvious that we could see it coming.

Tom: Sure.

Drew Anlas: But nobody put the breaks on.

Tom: Yeah. So let's fast forward now to the last five or six years. You hear a lot of times that, "Oh I can't believe all the hoops I have to jump through now to get a loan." It seems like the pendulum has swung the other way. Has it really?

Drew Anlas: That's a yes and no. It has in a fact where you have to be worthy. People got lost in 10-12 years ago in the fact that you could say if you could fog a mirror you can get a mortgage.

Tom: Right.

Drew Anlas: You always heard the story year after year about the cleaning lady that claimed no income and got a half a million dollar loan. I think the government used that as an example in their testimony.

Tom: Right.

Drew Anlas: But the good news about it is if you are worthy there are loans, anywhere from 0, 3, 5% down. The big misconception is you need 20% down to get a mortgage and that's definitely not true, like I said, depending on what kind of loan, where you're buying we have loan offerings as little as no money down. But again, now you have to be able to qualify. You have to have a job, an income, and decent credit, and money. So it is just common sense.

Tom: You can't just fog a mirror now anymore.

Drew Anlas: You can't just fog a mirror. But again, logically it's the way it always should have been. As a lender you look at it and say all right if everybody had just used common sense the whole way through it would have never taken the turns that it did because you would have just said is it a good loan or isn't it. But the problem we really see now Tom is the automation. The automation is dictating whether or not we make a loan. So we're not using manual underwriting at all anymore, nobody does. So when you look at a loan it goes through an automated approval system so if the computer says you can do it then you can keep moving forward. If the computer says no you have to figure out why not and see if you can get around that or just deny it.

So I miss the days of manual underwriting where you could walk in and I could say, "Hey, I know you're a good risk. I'm going to lend you."

Tom: It's a good story, yeah.

Drew Anlas: And that I miss because it doesn't matter what your story is anymore if the computer says no it's no.

Tom: Well that's very interesting because we're seeing the same thing happening now in the investment side where models get put together and there's really no room for a stock or an investment with a good story, so much like what you're saying is if someone has a compelling story but they may not have the numbers to add up, the computer's really boxing them out.

Drew Anlas: And that's what I don't like, and it is, it's happening across the board, insurance, finance, mine yours. It's just a matter of right, everybody has to fit in the box and sometimes you know something makes sense or it is good and it doesn't fit in the box and that's what I miss, and that's when I think this market will really rebound again. Right now it's hot because the rates are still very cheap and people can still afford things. But I think if the rates do go up again as I said before, availability of credit is more important than interest rate. I really believe that, because you can always get a mortgage with a lower rate by taking an adjustable or something not that risky, but if you shut people out from borrowing it doesn't matter what the rate is if they can't borrow.

Tom: If they can't borrow at any rate.

Drew Anlas: Yeah, so that's where I think the next big thing will come. If they can just get back to a little bit more common sense when they create loan programs, give us something to work with for people that are not 100% inside the box. If you say hey it's a good loan then it should be a good loan, it shouldn't be debatable but right now it is.

Tom: So I'm curious, how does someone like Drew Anlas you've been in the business now for so long where do you get your business from?

Drew Anlas: I do a year over year analysis and we do little or no advertising so it's basically customer referrals and repeat customers equate to at least 50% of my year over year business, real estate agents, attorneys, financial planners, like yourself, whoever I meet that can be a referral source. So I'm not out there trying to compete against Rocket Mortgage.

Tom: Oh yeah.

Drew Anlas: Against any of these other places on TV, we don't have million dollar a month budgets, but we do have very good reputations. My partners and I, and the people in my company all have over 30 years each experience. Our staff is accessible. When you call my office you want to talk to a processor or an underwriter you actually get them on the phone.

Tom: That's pretty good.

Drew Anlas: And the big difference between what I do and a lot of the other clients is you're in a bidding war, which there are a lot of bidding wars going on right now for purchase of a home, you need a pre-approval on a Sunday night at 9 o'clock you're getting a pre-approval from me at 9 o'clock on a Sunday night.

Tom: That's pretty good.

Drew Anlas: So I don't want to see any of my clients lose out on a possible purchase because we were just late to the game. That's not going to happen.

Tom: Yeah, that's pretty good. So if there was something that you could change about the industry right now what would it be?

Drew Anlas: It has to be the compliance and the regulatory issues. Like I said a little while ago, I said if we had the capability to approve loans that we know are good or at least to cut down on some of the paperwork, you mentioned a while back and now the rates, but the big difference is the quality control review mechanisms that we have in place that we didn't have 10-12 years ago. Every file we have to do a social security validation, tax return validations, appraisal validation, credit validation, people don't understand with the new disclosure regulations that came in a few years ago that are know at TRID, everything has to happen in a chronological order. So anytime anybody needs a real rush it's impossible with all these quality control mechanisms and the TRID regulatory disclosures necessary.

Tom: I'm going to hit the pause button, what's TRID?

Drew Anlas: TRID is the replacement for the old truth in lending and the HUD disclosure.

Tom: Okay, sure.

Drew Anlas: So when you apply for a loan and you're getting the initial truth in lending, it isn't a truth in lending anymore, it's actually called a loan estimate. And the HUD 1 closing disclosure is now the closing disclosure is not HUD 1. So this only happened a couple of years ago. They enacted it to help the consumers to make it easier, but in retrospect, it only added another layer of time management that you have sit there and say, "All right, you need to rush close. And we got to send out a disclosure. You got to wait 10 days." So it really comes down to if I were to change anything it would try to cut out some of that kind of stuff, the stuff that slows you down, that stops you. Because a good loan should be a good loan, you shouldn't need 20 other things to tell you it's a good loan. It should be easier.

Tom: Yeah it should be.

Drew Anlas: And it's not, and I don't blame customers. The first thing I tell them when I meet them, it is a process, but if you help and you do x, y, and z it will be a little more seamless than the horror stories that you hear. So we do need a lot of help from our customers and our referral sources.

Tom: So I'm going to ask you what we were talking about right before we started the podcast. You're online at the grocery store and the person in front of you is complaining about what a hassle it is getting a mortgage. What's your intro, how do you break the ice?

Drew Anlas: My quick intro is just to obviously say, "Hey, I've been doing mortgages for 34 years, it's not as hard as you think. If you have a minute to chat just so I can tell you how it can be done that would be great." Because it is very confusing, the data that people get on the Internet, in your business, my business people think they can go online, click a button, and voila they're going to get an instant mortgage with a great rate. Again, we were talking about bidding wars before, you have to be ready in a lot of different ways. You have to be ready with the paperwork. You got to be ready emotionally to take the step so when you're in a stressful situation like buying a home and getting a mortgage you're vested and you have to be ready for that. So some of the advice I give my people is yeah the process is going to be difficult, are you ready for this step, are you ready for this mortgage payment. I don't push anything on anybody that they don't feel 100% comfortable with. And we kind of go over the psychology of it a little bit as well so they know what they're getting into.

Tom: That's good. Let's stay with this for a second. So is there a mistake that you see people making over and over that might stop them or be a stumbling block as they're going through the process that's something they might be able to avoid.

Drew Anlas: Yeah, there's a couple things that I think are hot buttons right now that I think people give up on too easily. One is they think they need a lot more money than they need to go

out and buy a home. Again, they hear the stories of 20% down. They think that they need their money, but maybe they can get seller help, or they can get family help, gift money from family. Also credit, people run their credit and they think some people with 700 credit scores with 680 being an average credit score they think it's terrible. Where people with a 500 credit score think it's great. So not having advice, I think the mistake people make is they're utilizing technology for both the right and the wrong reasons. They're going on and they're thinking that they know more than they do sometimes when they need an expert opinion to say well how can I improve my credit score three months, six months, a year from now so I'm ready to get a loan. Or how much money do I really need to buy a home, either of my own or a gift. So I think it's just getting good advice and the right advice.

Tom: And getting an answer right away instead of searching through pages and pages on the Internet and just be able to pick up the phone and talk to someone.

Drew Anlas: Yeah and I think that's really important, but if you can get an expert in any of our fields and it doesn't cost you anything to get an answer, and somebody can give you their years and wealth of experience. Again, the Internet is wonderful in a lot of ways, but in other ways it creates these barricades for us that we have to climb over and say, "Hey, come over and talk to me." It isn't going to cost anything, I'm going to give you all the legitimate answers and if you do have a hurdle I'm going to show you exactly how you're going to get over it.

Tom: Out of the blue, a question, if a recent college grad came to you and said, "I'm thinking about getting into the mortgage business." What kind of advice would you give them?

Drew Anlas: Wow that's a good one, because we've had this conversation at my office quite a number of times lately. The problem that I see as a problem is the ever changing world of the regulations of the mortgage industry. Over 34 years of doing this there isn't a day that goes by that I don't have at least one to two questions about something regarding to how to get a loan through or how to underwrite a file. So just the knowledge alone of what you have to know and the kind of expert you have to be in the field of mortgages right now is the only thing that would slow me down from hiring somebody brand new. You do have to be licensed now, 12 years ago we talked about the dilemmas. The crazy part is you only had to be registered back in the day of the wild west of mortgages, now you have to be licensed, and you're actually going to have to take a certain amount of hours of education, take a test, pass it, so that is a process.

So we try to bring the younger people in as trainees, as assistants first while they're doing all the education, and the testing, and then kind of ease them in that way. But the one thing that I tell everybody immediately no matter who they are, whether they're new, old, whatever, is who are your connections, do you have contacts. Because if you walk in and you say, "I got through four years of school, I was great, I had straight As." I'm like, "Well who do you know?" If they come back to me and they say, "I know a lot but I don't know any real

people," they not going to make it because you just need to have connections, you need to have referral sources that are going to be able to give you an opportunity to be in the game, to see if you can help people.

Tom: Yeah hiding behind a computer screen doesn't really help a lot of folks, even today, you still need to have social skills, you got to get out there and meet people, and get to know them, work with them, and build a rapport, and get a reputation. Sounds like you've been chipping away at that now for over three decades.

Drew Anlas: Yeah and I taught my children who are now 26, 22, and 16 the same thing, as much as they are into social media, the one thing I told them to do at an early age was set up LinkedIn profiles, set up business profiles so they're ready when they graduate college with connections that are business related.

Tom: Right.

Drew Anlas: It's great to SnapChat, Instagram, I know they're all out there doing the pictures and what not, but from a sheer business point of view if you're starting your business thought process ahead of time then by the time you're actually ready to enter the business field maybe you've made some important connections along the way.

Tom: So you and I have known each other now for a couple of years, but we've really gotten to know each other lately through the Chamber of Commerce, you want to spend a minute or two talking about your experience?

Drew Anlas: Yeah, my experience with the ... Right now I'm the President of the Jersey Shore Chamber of Commerce. I've been involved with the chamber for about five years, so I very quickly went from being a non-member, to a member, to membership chair, to president in a very short period of time. And I think the reason for that is my business philosophy is just to try to help everybody succeed. If there's a way we can help anybody whether it's a small local business selling groceries, plants, whatever, to financial planners like yourself, the importance about any good economy is the overall whole has to do good. One or two people do good and everybody suffers is not a good economy.

Tom: Put them to work.

Drew Anlas: So the more people you help succeed, the better the local economy, the better the regional economy, and so on, and so on. So I think my philosophy fit really well as a

Chamber of Commerce member. So for me to escalate up to president I think was more my beliefs of just I just like to help people, whether it's a customer getting a mortgage, a business involving them in the local community to enhance their business. It really is fun to watch people succeed.

Tom: And not to turn this into a Chamber of Commerce commercial, but this chamber rocks. There are so many activities going on, so many opportunities to meet people, and to network, and to get to know everyone in the group.

Drew Anlas: Yeah and I thought it was really important because we noticed over the last few years that traditional Chamber of Commerce definition was a bricks and mortars group of people coming together to expand local businesses, but Tom over the last two or three years we've seen a heavy influx of home-base and small businesses enter the market, people that are leaving Wall Street and opening up home-base businesses, people that are working out of their homes that may be a one to five employee company that still needs help but doesn't really know how to go about getting that help. So I saw a need not just to help the big companies but also to take the local business owners that are trying to find their way and say, "Well how can we get people involved with other people." Bring them into a chamber event, make it a networking event so we can make people feel comfortable in a group of 40-50 people so they can show how their business works and how they can move on to the next level of their company So, again, it's a very good feeling when you see somebody go from starting out to a success story and it just makes everybody feel good that you've helped somebody along the way.

Tom: That's really great. Drew this has been fantastic and we were chuckling a bit, he said, "I can't believe you've done this many podcasts." So we're going to have you back probably for episode 1000, all right?

Drew Anlas: Thank you Tom...

Tom: We'll put you in the book.

Drew Anlas: I really appreciate it.

Tom: All right, Drew Anlas how can people get in touch with you?

Drew Anlas: You can reach me on my cell phone number any time at 732-977-2096. I do have a digital business card so if you text me at that number I can send you my digital card which will

give you the opportunity to click on to me via social media or email address. So again, I appreciate the time.

Tom: Great. Drew, thanks very much.

Drew Anlas: Thanks Tom.

Tom: All right.