

EAGA Business Builder

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Today's speaker was Jack Thompson—Guild Mortgage



Mr. Thompson came to the meeting this morning fresh off a trip to Nevada. He was in Las Vegas for the Mountain West Tournament, partly because he is a great fan of the Lobos, but also because he was gearing up to hit the ground running when he starts his work as the Lobo Club President beginning this coming July. But that's just within his 'hobby world'. Jack also has a day-job, at least for another 12 months. During the work day he is in charge of the New Mexico and West Texas activities for Guild Mortgage. Mr. Thompson has actually been in the mortgage industry for over 42 years. Twenty of those years were as the owner of Legacy Mortgage here in Albuquerque. A couple of years ago, Jack predicted that things would be changing in the mortgage banking world and he decided to check his options for getting out while the getting was still good. He already knew almost all of the larger mortgage company owners around the country so he visited 16 of them to see if they had any interest in purchasing his company. Of the 16 he visited, he received 16 offers. Of the offers, Jack determined that the one from Guild Mortgage would be his best choice. In February of 2023, Jack sold Legacy to Guild. As part of the arrangement, Mr. Thompson agreed to stay on with the company for three years. He only has 12 more months left on that commitment. Jack has also been a member of the Mortgage Bankers Association Board of Governors for quite a few years. That group used to meet on a monthly basis to set policy for the industry. Since President Trump has been active, the board has been meeting weekly to try to stay up with the constant actions and changes that are likely to affect their world. The knowledge Jack has garnered during his 40+ years in the industry, combined with access to the many informational tools provided through his position on that board, have given Mr. Thompson a tremendous amount of data regarding the mortgage industry's history, trends and crystal-ball predictions for the future. And he proved it today by providing us with a lot of facts, graphs, charts and analytical information (from the perspective of a mortgage banker). Some of the information Jack provided concerned mortgage interest rates: Over the past 40 years, interest rates have averaged 7%. There were highs of 18% during the 1980s and a pandemic induced low of 2% in 2021. Today the rate is 7% - right at the 40 year average. Jack estimates that rates will stay around that level for another 2 years. A different set of data Jack provided this morning concerned the major changes going on in the mortgage banking industry itself: The industry is consolidating. Acquisitions and companies going out of business have substantially reduced the number of players. Those that are still around are suffering from a downturn in overall activity. Mortgage origination volume used to be about \$4.4 trillion a year. It is currently running about \$1.6 trillion. A decrease of about 66% in just 2 years. Operating margins have dropped by about 40% and, during the past 3 years, there haven't been any mortgage companies that made a profit from originations. Jack also had some data concerning homes actually available for sale: There is a substantial shortage of homes. At any given time, about 3.5 million are available versus a demand of about 5 million. There are a variety of issues that are causing the shortage. A large number of people refinanced when the rates dropped to around 2% a couple of years ago. Those people are now "Rate Prisoners" - trapped by the perception that they cannot up-size or down-size their housing because doing so would cause a 'drastic' change to a new 7% rate (see Jack's suggestions for those folks later in this article). The Rental aspect of housing is messing up the market too. Venture capitalists are buying up a large quantity of homes and keeping them as rental properties. That takes those homes out of the buy/re-sell rotation. Builders are also getting into the rental game by keeping about a quarter of their new builds as rentals. In looking through his crystal-ball, Jack noted: There will be a series of mini-buyer and seller markets instead of the previously experienced long-term versions of either. Currently we are in a buyer's market where sellers are having to give concessions like making repairs or providing upgrades to the property. Builders are even offering discounts to buyers—sometimes up to \$50,000 to get homes sold. Jack estimates that it will soon change to a seller's market though. His suggestions to those 'rate prisoners' noted above: Stop looking at just the rates. Consider wealth creation and overall cash flow too. If you have some of the \$1.3 trillion credit card debt at 23%, and/or a car loan at 10%, changing your 2% loan for a 7% loan may give you the opportunity to pay off that other high interest debt and actually save money. And if you buy another home now you will be able to start accumulating wealth by taking advantage of the 4 to 5% annual appreciation in values that have been the case recently (and are expected to continue for at least another few years). For home buyers, Jack also has some suggestions: There are non-standard mortgage options available for certain situations. First-time buyers may be able to get in a program that offers 3% down, plus a \$2,500 Home Depot card for buying furnishings or maintenance items, plus there is another \$1,000 in cash at closing. Or, maybe your potential property is in the Chase Community program where mortgages can be had for below market rates. As all this indicates, Mr. Thompson has thoughts and suggestions for anyone considering a mortgage. If you are in that category, give him a call at 505-296-4747 any time during the next 12 months to see what he can do for you. Just remember not to use the dreaded four letter word "cash" during your conversation. Currently, about 30% of home purchases are all cash transactions and mortgage people don't really like that. For mortgage bankers, there is no money to be made in a cash sale. Heck--they are not even invited to the table for that kind of deal unless they are there just to close out an existing loan.

- ◆ The EAGA golf tournament for 2025 has been set for May 10th. It will be at Santa Ana Golf Course with a starting time of 1:30pm. Guests are welcome (\$85.00 fee). There is not a charge for EAGA members. Sign-up sheets will be circulating at the Tuesday morning breakfasts. If you have any questions, please contact this year’s event organizer John Mead (505-342-9200).
- ◆ We need Badge Board Greeters for May. The sign-up sheet is available at the badge table each Tuesday so you can sign up when you come to breakfast.

Since there is no particular reason for you to spend time watching the men’s NCAA tournament, and you have until 6:00pm tonight (March 24th) before you need to find a broadcast of the NMSU vs ND State WNIT game, use the puzzle below to relax a little.

Five families in Alice’s neighborhood are leaving town for the holidays; which is good news for Alice since each family has hired her to take care of their pet while they’re gone. She had five different pets to care for, each at a different home located on a different street. Using the clues below, determine the last name of the families who hired her to take care of their pet, the street each lived on, the type of pet (cat or dog), and the pet’s name. [Answer is noted below in this section]

1. The Parker family lived on Maple Street but their pet wasn’t named Mike. A cat lived on Forest Street but he wasn’t named Spooky.
2. The two dogs were the one who lived on Rutland Street and the one whose name was Terry.
3. The Sanford family didn’t have a dog but they lived on Curve Street. The Manning family had a pet named Brandy.
4. The Johnson family had a cat but he wasn’t called Mike.
5. The Wood family lived on Forest Street but they didn’t have a pet named Spooky.
6. One cat was named Sylvester and he lived on Brook Street.

Last Name	Street	Cat/Dog	Pet's Name
Wood	Forest Street	cat	Mike
Sanford	Curve Street	cat	Spooky
Parker	Maple Street	dog	Terry
Manning	Rutland Street	dog	Brandy
Johnson	Brook Street	cat	Sylvester

Badge Board Greeters

- Mar 25th Nestor Romero—The Payroll Company
- Apr 01st Rich Ringrose—Albuquerque Lifestyle Magazine
- Apr 08th Robert Schuerman—Medical & Commercial Communications
- Apr 15th Johnny Carroll—ABQ Headshot & Portrait
- Apr 22nd Randy Allen—Next Level
- Apr 29th
- May 06th
- May 13th

Scheduled Speakers

- Mar 25th Member introductions and general discussion
- Apr 01st John Mead—John Thomas Jewelers
- Apr 08th Guest Speaker from Workforce Solutions
- Apr 15th Tim Stewart—Impact Nations
- Apr 22nd Mark Tobiassen with guest UNM head football coach Jason Eck
- Apr 29th Guest Speaker—Dr. Tracy Bower—Steelcase
- May 06th Guest Speaker—Colonel David Wyrick, Deputy Commander 377th Air Base Wing, Kirtland AFB
- May 13th Jerry Schalow—Rio Rancho Regional Chamber of Commerce

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