

Mike Kent

Liberty Home Equity Solutions

By Darryl Hicks

IT HAS BEEN A YEAR-AND-A-HALF SINCE MIKE KENT took over as President of Liberty Home Equity Solutions, Inc. (Liberty), one of the industry's oldest and largest reverse mortgage lenders, based in Rancho Cordova, CA.

Kent joined Liberty after a long career in mortgage banking that has spanned over three decades, including President of the Originations Unit at Reverse Mortgage Solutions, based in Spring, Texas. Starting in 2010, he helped transform RMS from a company that primarily sub-serviced reverse mortgages for its lender clients into the nation's top producing originator of Home Equity Conversion Mortgages and issuer of HECM mortgage-backed securities for five consecutive years.

Mike hopes to continue that success at Liberty, while maintaining a customer-centric culture established by his friend and predecessor Otto Kumbar, and continued focus on growth, service, and process excellence.

Reverse Mortgage magazine sat down with Kent to reflect back on his reverse mortgage career, discuss what he hopes to accomplish at Liberty, and where he sees the business headed.

Reverse Mortgage: *Let's discuss your early life. Where did you grow up? Where did you go to college? What was your college major? What aspirations did you have as a child?*

Mike Kent: I was born and raised in a small town called Park Forest, Illinois, about 25 miles south of Chicago. It was developed after World War II as one of the first fully planned communities in the country. Almost every dad was a veteran. They were blue collar union workers,

tradesmen and mid-level executives, but regardless of position everybody made roughly the same amount of money. I had eight brothers and sisters, so a big family. It was a great place to grow up. After high school, I attended Chicago Musical College, which is part of Roosevelt University. I



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attended on a vocal scholarship. I was training to be a dramatic tenor. Opera. But it was very tough. Music theory was the bane of my existence. So I switched majors to Theater Arts and transferred to Southern Illinois University. I loved the theater from the time I was in junior high. I was in 26 different musicals. But I never considered acting as a career and so when I finished college I ended up in the finance business just by answering an advertisement in the paper. I started working for a finance company in collections, and then I became an associate, then a branch manager, then a district manager. In 1981, I moved to San Francisco, because I had a brother who lived there. In the second week I was there, I got a job with Home Savings of America, which is how I got into mortgage finance.

RM: *After spending 25 years working for "forward" mortgage companies, what attracted you to the reverse mortgage space and to RMS?*

Talking Heads continued on page 8

Talking Heads continued from page 7

MK: A guy by the name of Bob Yeary, the former President/CEO of RMS. I met Bob in 1985 when he was president of a mortgage company in Santa Clara, California. A friend of mine who worked there told me about a job opening for someone to oversee the company's wholesale operation. I did not know what wholesale lending was, but he told me it was a great company to work for and it had a great leader. I interviewed for the position and met Bob, who took me under his wing and really became my mentor. My dad had just passed away, so to a certain degree Bob took on that role and shepherded me through my mortgage banking career. Bob and I worked together on three separate occasions, and then I started my own mortgage company. In 2009, Bob called me, told me about RMS, and that he wanted to get into the production side and asked if I would be interested in running that operation for him. I said absolutely. He told me about a grandmother in Watts (section of Los Angeles) who he helped with a reverse mortgage. It was such a moving and life-changing story for the customer that I was hooked. I

joined RMS in February 2010. Working with Bob, Marc Helm (Co-Founder, President) and Thomas Helm, we began building the production platform.

RM: *How did your experience in forward mortgages impact your work in reverse? Does that background give someone a leg up?*

MK: What I brought to RMS was the concept of structure, standardizing processes, doing the same thing on each loan. Creating a very disciplined approach to lending. I took what had been a servicing process and developed a structure for bringing loans into the system, bundling them into securities and issuing them in a timely fashion. The fact that I didn't know anything about reverse mortgages when I took the job was not really a factor. I am a very rapid reader and I started researching reverse mortgages from the front-end processes all the way to the back end. It took me about six months to get a firm understanding of the product and the process, but having Bob and Marc there to help with the education was tremendously helpful.



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RM: *Under your leadership, RMS dominated the reverse mortgage business for several years, as the top wholesale lender and HMBS issuer. What factors contributed to this success? Are you hopeful that Liberty can achieve similar results?*

MK: Two things set RMS apart. One, we met our wholesale customers no matter where they were and provided them with necessary services at that point in their evolution. Second, there was a company-wide focus on customer service, customer engagement and getting to know our customers. Those core values are always imperative to having a successful wholesale operation. No matter how great the system, or how automated the process becomes, ultimately it is still very much a relationship-driven business. That was the foundation for RMS' success. And I think we can achieve similar results at Liberty. My goal for Liberty is to be the top mortgage lender in the space. Everything we do is customer-focused. On the retail side, it is about changing the lives of our senior customers. On the wholesale and correspondent side, it is about meeting our customers where they are and providing them with the tools and processes they need to be successful. We have an immense focus on reducing cycle times for our retail and B2B customers. We do a lot of surveying of both sets of customers to find out how we are doing. Fortunately for me, this was a culture that already existed at Liberty under former CEO Otto Kumbar's leadership. My job was to take that culture and expand and nurture it.

RM: *What makes a good leader? How has Liberty changed under your leadership?*

MK: A good leader listens. But it is being a good listener to a point where people talk to you. It is having open dialogues. Frank dialogues. It is being solid on your data. It is knowing that the initiatives you are trying to drive can be supported by the data, so that you are not guessing about the directions you want to take the company. My job is to remove obstacles, so my staff can be successful. Listen. Allow all voices to contribute to your plan. Leaders foster ideas, build cultures that promote ideas and then they use their position to advance ideas into initiatives.

RM: *Otto Kumbar is obviously a strong leader with important ideas. How does a change in leadership affect a corporate culture?*

MK: What works so well for Otto and me is that we had known each other for quite some time. Before Liberty became an HMBS Issuer, RMS bought the vast majority of its loans. So I knew the culture at Liberty. I knew the company's executive management. Otto and I would talk frequently about our companies and the industry. Every one of us at RMS admired him. He is a thinking idea machine. He created the base culture at Liberty around customer service and process excellence and I was fortunate to be handed off a very strong, customer-centric leadership team. Otto is still a force at Liberty who continues to help us move forward in our initiatives and continues to define and refine that culture of customer service and changing lives.

RM: *When you are in a business where everyone sells the same product, what separates Liberty from the pack?*

MK: A big part of it is customer service. Knowing your customer. In this context, I mean our B2B customers. You have to understand their needs. To compete with one another, we must have good prices, but those prices are all within a few basis points of each other. Since there is little distinction in pricing, it all boils down to getting to know your customer. Not just how many loans they do every month, or how many loan officers they employ, or their locations, but getting to know *them*. What do they hope to achieve? What are their goals? What vision do they have for their company? What does their future look like? And how can Liberty help? Do they need education, training, marketing, or collateral? That is where our leadership team is focused on the B2B side. On the retail side, again I go back to what I have been saying: Make your customer's experience the best it can be. Change lives in a positive manner.

RM: *You launched a national television campaign in July. What has the consumer response been like compared to other marketing efforts? What was your biggest challenge devising the campaign?*

MK: The biggest challenge was who speaks for us? Do we use a celebrity, or a generic spokesperson? We decided to let our customers speak for us. We reached out to a dozen clients and asked them if they would be willing to participate in a nationally televised commercial. The response we got was overwhelming. We had more than enough volunteers. The commercial itself turned out well, too, and the responses have been positive not only from consumers but

Talking Heads continued on page 10

Talking Heads continued from page 9

from other people around the industry. I've gotten emails and phone calls from people who tell me the commercial was well done, that we really focused on the benefits of the product, we were open, we were honest, we were informative, and our customers told a good, honest story. We ran the commercial on a pilot basis through August. We will let the political season run its course and then relaunch in 2017. It will take a few months to sort through the response data, but so far we are very pleased.

RM: *You have a solid background in the capital markets. What types of investors does Liberty work with? What current trends are you seeing in the HMBS market? Do you have concerns about the effect of low volume on this market?*

MK: Liberty works with broker/dealers and investors who are active in the HECM space, but we are exploring some things in 2017 that might help, at least Liberty, on a

liquidity basis. Low production volumes discourage potential investors from playing in the market, which decreases liquidity, concentrates market-buying power to fewer individuals, and impacts pricing. The goal of any market is to have as many participants as possible. Competition breeds innovation and efficiencies and mitigates risk, so I definitely want to see the HECM market grow. The initiatives that NRMLA is doing on the public relations front are beneficial. Individual loan originators can do their part by expanding their business networks. We have gone through some significant changes over the past year and a half. It takes time to digest these changes. Unfortunately, a reverse mortgage is not the same as a 30-year, fixed-rate loan, which is much easier to describe to consumers. But as we refine the ways we educate our borrowers, as we refine the ways we inform our borrowers, we will, over time, see the market pick up. People who want to be in this market need to take a longer-term view.

In the short-term it has been tough, but when I look down the road three, five, seven, ten years, I see a strong and growing marketplace and Liberty as a player in that space. **RM**