

 IN PERSON

The Mortgage Life in Fairfield County



PENN JOHNSON

Title: President and Co-Founder, Stamford Mortgage Co.

Age: 58

Industry experience: 35 years

BY BRAM BERKOWITZ

BANKER & TRADESMAN STAFF

Penn Johnson had always figured that one day he would start his own business. In 1996, he did just that, quitting his job to launch a mortgage company with a friend. What started with only a desk and a phone grew into The Stamford Mortgage Co., which has now served well over 5,000 households and originated more than \$2 billion in residential mortgage loans.

The Savings Bank of Danbury acquired The Stamford Mortgage Co., which continues to operate under its name and as a subsidiary of the bank, in 2010. Prior to launching the firm, Johnson worked for a decade at People's United Bank starting in their management training program, then working as a branch manager and continuing into small business lending and middle market commercial lending. He has worked in the banking and mortgage industry for 35 years, all but one spent in Stamford.

Q: As mortgage rates have declined, more homeowners are becoming eligible to refinance. Refis and conventional mortgage waves come in cycles, so how do you prepare if a change in the cycle starts to become imminent?

A: Interest rates and periods of high refinance activity are cyclical, and it is hard to plan ahead to handle an increased volume of business. One of the challenges is that one never knows when interest rates will turn back up, which brings refinance activity to an abrupt halt. We have always held a long-term outlook, and our primary strategy is to serve the purchase market, since there will always be plenty of purchase business and we don't want to take our eye off our long-term goals and to divert our attention away from the real estate professionals who rely on our fast-paced process with lots of communication. And of course, a big part of this business is refinancing. We are always happy when

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our clients call to inquire about refinancing because it gives us the opportunity to help lower our client's expenses. We've been successful at striking a balance that serves both the refinance and the purchase markets.

Q: What's your most popular first-time homebuyer product right now?

A: We do a lot with the state's first-time homebuyer program, offered through the Connecticut Housing Finance Authority, which offers below-market interest rates to eligible first-time buyers. Many of our borrowers are trying to manage a payment budget and the CHFA program enables us to either lower a client's housing expenses compared to using a conventional program, or it can expand the price range that a first-time buyer can attain because of the lower cost of funds. The CHFA program also allows for up to 100 percent financing when combined with down payment assistance or with a secondary financing program offered through the Housing Development Fund, known as the Smart Move Program.

Q: More banks across the country seem to be scaling back on their mortgage operations in favor of commercial lending. Is it still a good time to be in the mortgage game and what must banks and mortgage companies do in order to succeed?

A: In order to improve our service to our clients, the Stamford Mortgage Co. in 2010 became a subsidiary of Savings Bank of Danbury, a 170-year-old mutual savings bank, whose first two products were savings accounts and residential mortgages. As-

sisting homebuyers with financing is a major part of who we are and what we do, and I don't see that we will ever turn away from residential mortgages as a primary focus. Working with homebuyers is an exciting business and gives us a chance to secure long-term banking relationships with our clients.

To be successful in the residential business requires a highly trained back office that consistently delivers timely approvals and closings, with experienced mortgage loan originators that know how to properly pre-qualify homebuyers and communicate effectively with clients and their real estate team throughout the process.

Q: Is there anything right now unique to your company's footprint?

A: The first thing that comes to mind about Connecticut is its beauty and its diversity. Being a Fairfield County-based company surrounds us with towns that have so much to offer, from excellent schools, our beautiful shoreline and so many activities for all ages. We have many vibrant companies that offer plenty of jobs to sustain our economy. I also often think of how Fairfield County is an area that is large enough to provide lots of opportunities but also small enough where the professional community can get to know one another. Having worked in Stamford since 1984, I have been fortunate to have many dozens of professional friends and we all know we can rely on one another to take care of our clients at a high level. I thank my lucky stars that I started my business in Stamford. ◀

JOHNSON'S FIVE TIPS FOR SUCCESSFUL BUSINESSES:

- 1 The customer always comes first.
- 2 Communication is the key to success.
- 3 Always try to get better, otherwise you get worse.
- 4 Stand for something.
- 5 Don't despair when you lack for an answer; things tend to work out.

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