AMERICAN PREDATORY LENDING AND THE GLOBAL FINANCIAL CRISIS

ORAL HISTORY PROJECT

Interview with

Rocke Andrews

Bass Connections

Duke University

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PREFACE

The following Oral History is the result of a recorded interview with Rocke Andrews conducted by Malena Lopez-Sotelo on November 23, 2020. This interview is part of the Bass Connections American Predatory Lending and the Global Financial Crisis project.

Readers are asked to bear in mind that they are reading a transcript of spoken word, rather than written prose. The transcript has been reviewed and approved by the interviewee.

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Interviewee: Rocke Andrews
Interviewer: Malena Lopez-Sotelo

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Malena Lopez-Sotelo: I'm Malena Lopez-Sotelo, a graduate student at the Fuqua School of Business and member of the Bass Connections American Predatory Lending and the Global Financial Crisis team and today, it is November 23rd, 2020. I am currently in Durham, North Carolina, for an oral history interview with Mr. Rocke Andrews, owner-broker of Lending Arizona, who has joined us via Zoom. Thank you for joining me today, Mr. Andrews, how are you?

Rocke Andrews: I'm doing well, thank you.

Malena Lopez-Sotelo: I'd like to start by establishing a bit about your background. I believe you went to the University of Arizona for college and received a B.S in civil engineering. Is that right?

Rocke Andrews: That is correct.

Malena Lopez-Sotelo: In the context of your work life and the transition from a civil engineering degree into the mortgage space, when and how did you first become involved with residential mortgages?

Rocke Andrews: Well, it was around 1987, and I had decided that civil engineering wasn't the area for me. I liked it, but the actual job application wasn't that exciting. I liked being around people more, and started exploring other opportunities. I interviewed with a mortgage banking company, the Hammond Company, out of Southern California, and at that time, it was one of the first refinance heydays. Rates had dropped down to the mid-nines from the upper-teens, or mid-teens. And people were making large amounts of money doing lots of refinances at that point. In fact, I think they had six-month waiting periods for appraisals. So, it was crazy. And it was a fairly lucrative career at that point and [I] got in and almost immediately after getting in, interest rates took the largest increase that they'd ever seen in a single day, and everything slowed down and pretty much stopped. So, it was kind of an inopportune time to get in, but it was a great field and I really liked it, and so I started at that point.

Malena Lopez-Sotelo: Was that opportune time that you mentioned really what attracted you to the sector or were there additional components, both leadership-oriented or perhaps personal fit, that worked better for you in the mortgage space as well?

Rocke Andrews: Yeah. I just liked working with people and the fact that it was housing related [than] civil engineering. I had taken several housing classes and was more drawn in by the overall process of subdivisions and housing and meeting communities' needs through housing. And so it just seemed a better fit for me at that point.

Malena Lopez-Sotelo: What sort of jobs did you hold between completing your education at University of Arizona to when you became deeply involved? I know you mentioned the civil engineering space. Were there any other roles in there before jumping into the mortgage space?

Rocke Andrews: Yeah, during the end of my college career, I was managing restaurants and managed a resort. That was interesting too. It got me interested in the business side, as well as it made working with people easy. So it was good preparation for the field.

Malena Lopez-Sotelo: I see you've also held roles at the National Association of Mortgage Professionals for a couple of decades. How would you characterize your involvement there?

Rocke Andrews: I first got involved mainly due to education. They had a great education program in the early 2000s and they were seeking instructors for Freddie Mac's Loan Prospector, the new automated underwriting system at that point— Freddie Mac flew us back there for a week's training. It was great. I learned about that and I've been involved in education since then. So from [the] early 2000s on, I was involved with the Association, with the Education Committee, and served on the Education Committee for a long time and was a national instructor for them, and then subsequently served twice as president of the Association.

Malena Lopez-Sotelo: You mentioned there's an education component to the Freddie Mac systems that were coming out. Can you dig a little deeper into that, in terms of what people needed educating on? What something might have looked like before and then after that piece?

Rocke Andrews: Up until that point, it was manual underwriting, what they call full documentation. So you would get pay stubs, tax returns, as well as verifications on every file. It was very labor intensive and involved a lot of paperwork, and the automated underwriting came in and it would take the information on the application and approve or refer the borrower at that point based on the information that you put in there. And so they needed to train originators in the field, specifically mortgage brokers, on how to gather that information and to make sure that they understood that the accuracy of the information that went in was a direct reflection on the result, and that you needed to gather information in a manner so that you could get them approved and get the documentation validated at that point. And eventually they started with a limited number of fields, and the point was: don't put in more than you need - only put in the necessary information and rely on your findings for your approvals.

Malena Lopez-Sotelo: What kind of impact do you think these types of technological advancements had: going from very manual input to something central to the mortgage origination process becoming automated? What type of effect do you think that had on the mortgage landscape at the time?

Rocke Andrews: Well, the idea was that it would be a more fair way to underwrite. It would take out any personal biases and discrimination that was in effect, and it would evaluate the loan applications based on the pure financial information of their background, as opposed to taking out any possible discrimination against job type, or race, or ethnic background. And it did somewhat equalize the underwriting process, brought home-buying out to more and more people.

Malena Lopez-Sotelo: How did the mortgage market change from the time you began your professional career up until up until 2008?

Rocke Andrews: Well, when I first began, it was more of a formal process and when people would come and apply, a lot of times, they would dress up in suit and tie to come and apply because it was like they were going to visit the bank. And so they wanted to put a good impression forward, and it was somewhat intimidating to borrowers and customers. Then with the large expansion of home buying and increase of homeownership, it became more and more— to the common people and it wasn't so much of a formal process, and it was something that people were more comfortable with. Everybody thought that they could achieve homeownership, and it seemed to be something that was available to the masses and not to the privileged few. So it opened up homeownership to a vast majority of the United States at that point.

Malena Lopez-Sotelo: Were there any specificities around the market in Arizona compared to the rest of the country?

Rocke Andrews: I would say only in that we had a large Hispanic population and … and also that Freddie Mac realized— as well as Fannie Mae, it's just I went to Freddie Mac for their training— is that different cultures need to be evaluated in a different way. Hispanic families would tend to keep more money in cash at their house. There were larger family groups that were living in a house, so a lot of times they had their parents and cousins or aunts and uncles living with them too, and they had alternative sources of income that didn't necessarily fit into the historical loan application box. They had other income where they were able to afford to make a housing payment, but it was more difficult for them to qualify because of the traditional underwriting process.

Malena Lopez-Sotelo: Speaking of the underwriting process and segueing into the terms, what type of institutions at this time were making mortgages and what did the typical terms somewhat look like?

Rocke Andrews: Yeah, as I said, when I first got started, it was mostly banks, and then the savings and loans were there, and Savings & Loans were a bit more aggressive in their underwriting. And then right about the late '80s, early '90s, you started seeing more and more mortgage banks coming into the field, expanding and taking advantage of the wholesale broker relationship. Brokers could deliver new products faster to underserved areas. Banks were expanding their geographic base, and so they got to get in and get mortgages and establish banking relationships in new geographical areas. And so that was one of the big pushes at that point.

Malena Lopez-Sotelo: I see that you are broker owner of Lending Arizona. Can you talk a little bit about your role there?

Rocke Andrews: I've been a mortgage broker owner since about '93. We decided that wholesale broker was the better channel at that point to deliver products. You could deliver substantially better rates than consumers could get at the banks and thereby you could qualify more people for loans. And you had more choices with all the different wholesalers out there. So since that time, I've owned and operated a mortgage broker company in Tucson. And you've seen the rapid rise of the wholesale channel as well as the huge contraction in 2008, 2009, that came about due to the housing bubble, the housing crisis, however you want to describe it. And so, it has its advantages and it has its disadvantages.

Malena Lopez-Sotelo: From about the run-up to the financial crisis, 2008, how do you think your role changed at Lending Arizona up until 2008?

Rocke Andrews: It went from gathering and documenting everything in a huge paper file, that was very cumbersome, that you would then overnight to the wholesalers or drive across town to the wholesalers. And then sometimes I would even drive and deliver it to Phoenix in order to get it there on time. Then the automated underwriting made it much easier— you could get it approved ahead of the time and deliver the documents. And so as opposed to gathering huge amounts of paperwork, it became more and more a gatherer of documents for the wholesale companies, as well as determining which wholesale vendor would best meet the needs of your customer or buyer at that point. We had all sorts of different products and you needed to figure out which one would fit the needs of whoever you're working with best. And so you became somewhat of a product expert, and then gave those options to your customers, and then let them choose, and then you would deliver their documents to the wholesaler that they had decided had the product that they needed.

Malena Lopez-Sotelo: … You mentioned wholesalers. In terms of Lending Arizona, can you talk a little bit about what the process of loan origination actually looked like?

Rocke Andrews: Yeah. Typically it starts with meeting with the customer, taking a loan application, whether it's over the phone or in person— it used to be almost exclusively in person, except for out of town people— and to the point now where it's almost exclusively online. You would gather that information on a 10-03 and then the next most important step, the main step, is clarifying the question, so that the data that goes into the application is accurate data because consumers don't know, “Do you want gross income?” They would tell you, “I make this much money.” Then you'd look at their tax returns and they would show no money. And they were saying, “Well, yeah, I write everything off.” And so that's part of what being the loan originator broker is— is distilling that information down into usable information.

Then, you pull the credit report and that tells you most everything that you need to know. You'd see their past credit history, as well as what their debt loads are going to be combined with usable income. It gives you an idea of what kind of product they will qualify for. So at that point then you would enter that information into the computer and submit it to automated underwriting, or pre-automated underwriting days, you would gather it all, put it together, and just keep your fingers crossed that the underwriter was going to like it. Because when I first got started, it was largely— not subjective, but it could be subjective due to individual underwriters for different companies, and you wouldn't really know the result until after you gathered all the information and send it in. Automated underwriting brought it in to the point where you knew the result upfront and you just needed to document that information on there. So as an originator, you basically gathered the information from the consumer, figured out where to send it that was the best spot at that point, and then presented your borrower in the best light to the wholesaler or the investor.

Malena Lopez-Sotelo: Were there any institutions or wholesalers that you preferred to work with over others because they either provided more transparency or other pros that worked better for you as a broker?

Rocke Andrews: Yeah. Obviously, as a broker pricing was very important, but in addition to pricing was wholesalers that would treat you as a partner and not as a source. They would try to make you a better business partner so that you got more loans and then you would deliver hopefully better-quality loans to them. So it turned out that most of the people we dealt with on an ongoing basis were mortgage banks. They were a little bit more innovative; they were a lot quicker than dealing with banks. Though we also dealt with banks— Wells Fargo, Bank of America, Chase, because a lot of times, they were the source of the mortgage banks' loans. And so you would shop around and depending upon the time, it would depend upon who is the best partner to work with, and you always wanted to keep at least three or four options available because from the mid-'90s on, there were several timeframes of overload of loans coming in because it was the first real refinancing booms coming in from when interest rates skyrocketed up and then slowly came back down. Lenders would get busy and in order to slow down their pipelines, they would raise their rates, and so then all of a sudden, they weren't the best option for you. So you would vary your partners, but stay with three or four and just go from whoever was best at that point.

Malena Lopez-Sotelo: In terms of your team— any members of the original team at Lending Arizona— did you hire other brokers to also work along with you within the company?

Rocke Andrews: Yeah, well, when I first broke away, there was three of us that were loan originators that went in together and started a business and ended up hiring eventually up to 12 to 15 more. So we grew rapidly, had a lot of people on board, and it attracted a lot of salespeople from other fields that wanted to come in because they saw that there was a lot of money that could be made, but they soon realized that it wasn't always as easy as they thought it would be.

And to which my comment was always— they wouldn't pay you that much money if it was easy, everybody would do it. Because it involved a lot of decision-making along the way because you don't want to waste anybody's time if it's a loan that's not going to be approved.

Malena Lopez-Sotelo: What type of incentives do you think brokers would see along the way as they try to do their job?

Rocke Andrews: You would get volume incentives from the wholesalers, so deliver a certain amount of volume to them. They would then give you better rates than other people would get. We had one wholesaler, Interfirst, who gave us what they call validation ability, where we would get the results back from automated underwriting, and then we had the ability to validate them and then close the loan. It wasn't really underwriting— they called it validation. But in effect you were acting as the final underwriter and putting the whole file together. And then with that benefit came the responsibility of making sure you didn't send them a bad loan, because if so, then you would have to buy it back or whatever. So the idea was, make sure you make the proper choices and make sure that whatever the data that went into the automated underwriting approval was data that you could document and support.

Malena Lopez-Sotelo: You talked a little bit about proper choices, making sure that you're putting forward good applications. How did you benchmark that? Were you benchmarking yourself against other competitors and sharing information? How did you constitute confidence in this application?

Rocke Andrews: Well, typically your wholesalers would give you report cards at the end of every quarter, typically, and Interfirst, Countrywide, Bank of America, they would send you a report saying this is a) what your pull through rate was, which was how many loans you locked with them versus how many that closed with them. They would send you reports on how many times your files needed to be touched by underwriters, how much closing follow-up was needed on them— so you would get reports back and they would tell you what was important to them. And thereby, we would then institute processes and safeguards into our origination process to make a better delivery product for them because your bonus in income, as well as other benefits, was a direct result of what kind of a partner you were with them.

Malena Lopez-Sotelo: When it comes down to your team culture, was it very team-oriented where each broker sort of helped each other out in clarifying these goals quarter by quarter, or did people work pretty individualistically on their own?

Rocke Andrews: The individual broker originators all kind of work individually, but we had shared processors. They were a very important part of the team. They would gather the information and then, to make sure, they were kind of a checkpoint for us as owners to make sure that the L.Os [loan originators] weren't putting through bad loans and weren't doing anything to damage our reputation or damage our business. [To] make sure that if they said the loan was approved, that it was based on a solid decision. And so they were kind of like additional gatekeepers for us to make sure that the bad loans didn't go through and clog up the system.

Malena Lopez-Sotelo: Did that sort of team culture process mechanism change as you moved closer to 2008, or was it pretty consistent?

Rocke Andrews: It was fairly consistent. What would happen though, was at that point, you were seeing the rise of the subprime market and you were getting more and more subprime account reps that would come into the office and they would talk directly to the loan originators and take the loan applications from them, send back an approval to the L.Os, without the L.Os actually doing any of the work. And so that somewhat cut the process out a little bit, took out our team out of it, and made it more based upon the subprime companies. They would send back an approval based on the information on the application, and the loans would close, and typically we wouldn't hear back from them.

Malena Lopez-Sotelo: What was the reaction from the team having been a part of the process and then sort of being cut out from the process during that time?

Rocke Andrews: Well, as owners, we were just a little worried, [we] wanted to make sure that still good products were being delivered, but things were so busy at that point. I mean, we were doing such large volumes of loans that it actually helped a little bit in taking some of the workload off the internal teams.

Malena Lopez-Sotelo: After mortgage loans were made, can you describe a little bit about what Lending Arizona would do with them? Did they stay on the balance sheet or did they relocate somewhere else?

Rocke Andrews: No, no. I mean, we were a strict broker. We never service loans. We were never a banker, which was one of the big advantages and drawing points of being a broker. You would originate the loan, close it, you would get your check from the title company— so you never had to worry about collecting your fees— and the loan would close, and you were done. You'd move on to the next one. It was an advantage in that, but it was also a disadvantage in that there was no recurring income. So every month you had to start over again and go out and get new loans. So it was mostly an origination driven company, and follow through and feedback on the loans that you put through would come from the wholesalers. Eventually if there was a problem, the loan would come back. But other than that, you wouldn't really see the loan again. You weren't really aware of how it turned out, who made their payments, who didn't make their payments. Eventually they started getting into more reporting on that added to you feedback on how your loan was performing. But during that time, it was serial refinancing and people would come in and refinance, and sometimes we refinanced the same borrower two or three times in a year. The wholesalers really had no idea how the loans were performing because the life expectancy of a mortgage went from like seven years down to two years or less. And so it was more about originating loans and gathering the upfront fees than it was about long-term performance.

Malena Lopez-Sotelo: What were the incentives that both mortgage loan applicants and brokers were seeing in refinancing applications?

Rocke Andrews: The incentive was typically you did nothing [and] you lowered your payment — not did nothing— it didn't involve a whole lot of financial investment. You would refinance, roll all the fees in, at that time they had what were called “streamline refinances”, and Fannie [Mae] and Freddie [Mac], as well as FHA [Federal Housing Administration] and VA [Veterans Affairs], that if you were lowering your payment, it was almost a guaranteed approval because they figured if you'd been making your payments at a higher payment amount, odds are good that you would continue to make it at a lower amount, even though a lot of times it was extending out another year or so, but people were constantly doing that. And then eventually it got to the point where people were— rates were so much lower that they were taking out cash and they were using the cash from the cash out refinances to buy boats, to pay off credit cards. And that was another form of serial refinances where people would come in and had a large amount of debt, we'd pay off all their debt. Two years later, they'd be back with consumer debt, at high amounts again, and needed to take cash out to pay it all off. So at that point housing was increasing in value, kind of like it is now, and people were taking cash out to buy investment properties to either rent or to flip. And so it got to the point where people were using their house, basically as a funding source for toys, as well as for investments.

Malena Lopez-Sotelo: From your perspective, were you ever concerned about whether or not these types of products were a good fit for borrowers? Or did you view yourself as more of a seller providing this service to demand?

Rocke Andrews: Well, you would get to the point where certain products were good for certain people, but all of a sudden everybody wanted them because people were beginning to invest in real estate thinking that the house would appreciate in value soon, and they would flip it for $30,000 or $40,000. And I specifically remember people coming in and I said, “Well, how are you going to make the payments?” Based on the income that they gave me, because I said, “It's not going to be this low forever.” And they said, “Well, I'm not worried about making the payments because I'm going to flip the house for $30,000 or $40,000 before I ever have to make the payments, so I'm not worried about that.” And if you got to the point where you would say, “I don't know if this is the best product for you,” and they'd go, “Well, that's fine, there's plenty of people down the street that’ll give it to me if you don't want to.” So I kind of felt like it was my duty to inform them of what they were getting into, but I didn't feel that it was my job to decide who did and didn't get a product. I mean, my job was to say, “This is what you need to get this product. And if you want it, this is what it is, and these are the dangers involved.” Because if I didn't do it, someone else was going to do it.

Malena Lopez-Sotelo: What was your perspective on the mortgage market and its impact on housing prices as it evolved? Did you think the market was overheated at all?

Rocke Andrews: Oh, absolutely. Especially in Southern Arizona, there were new subdivisions that would open up and people would line up at eight o'clock in the morning to be able to get in to buy a house because price increases were going up every six months. There were large companies— IBM and Raytheon were relocating to Southern Arizona from California, because the cost of doing business here was a little bit less, and there were price increases every couple of months on new subdivisions, where the exact same house would go up 10% to 20% over a six-month period. And people were afraid that they were going to miss out, that if they didn't get in and buy a house now, they'd never be able to buy a house. The rates of homeownership went up substantially, up to 62%, 65% overall from where they were historically.

And the idea was Fannie and Freddie and the government wanted to open up homeownership because people that own homes typically are better taxpayers and better everything because you've got the pride in your house, but the unfortunate truth is not everybody is made out to be a homeowner. It involves savings and maintenance and you have to worry… if you're used to renting— and this was one of the things we would do in our homeownership classes, was explain to people that when you rent and something needs fixing, you call the landlord and they send somebody over. But if you own the home and you've got to get a new air conditioning unit, you have to pay for that. And so, I mean, people that weren't used to it, or hadn't gone through that yet, sometimes it was something that was a hard lesson to learn. And a lot of times, the push was just to get more and more people into homeownership and not necessarily be as discerning in the picking of who those people were.

Malena Lopez-Sotelo: Did you think that Arizona specifically on the topic of overheating kind of saw this overheating sooner than the rest of the country, or a little more delayed timeline-wise?

Rocke Andrews: I would say sooner, and to a larger degree. It was a warm climate, [so] especially people from California would move over, and they could come over here and for a third of what it costs to buy a house in California, you could buy a house here, and so they were thrilled. They were buying second homes here. IBM and the other companies that were relocating here, their employees really liked it because the housing was affordable, and so I think it grew substantially more than the Midwest. Florida saw similar rises, California did, so it was more what they call the “sand states”: Nevada, Arizona, Texas, New Mexico, California, Florida, across the Southern areas, I think saw it most.

Malena Lopez-Sotelo: To what extent, if at all, did brokers within your company or yourself express concerns about the changing nature of credit extension during the 2000s? Did those concerns lead to any debates or conversation or changes within the business at the time?

Rocke Andrews: Yeah, it kind of gave us a sense of incredulity that they were actually approving these loans, because when we first got started in the business back in the mid ‘90s, one of the ways that underwriters would ask us about a customer is they go, “Would you lend this borrower *your* money?” And, typically our response was, “Oh, yeah, because of this, this, and this, that they've bettered their credit, they're looking at an increase in income.” And so we were kind of trained in that it's like, if you felt comfortable lending them your money, then that was a good reflection on the borrower. And it got to the point in the mid-2000s where all of a sudden, I was looking at a loan application with somebody with very poor credit, like a 580 FICO score, which is not good, buying an investment property, 100% financing. And it was like— I was thinking to myself at that point, or to other people in the office, like – “I would never lend these people my money.” But we were under the impression that Wall Street knew what they were doing. It was kind of like “Well, they wouldn't be making these loans if they didn't know what they were doing”, because it was a lot of money. Huge amounts of money were being invested in housing. I think that was pretty much the feeling from everybody— the banks and Wall Street know what they're doing, or they wouldn't be making these loans, and all we're doing is delivering the products that they're asking for. So, it was a total change in how loans were underwritten from the mid-90s to the mid-2000s.

Malena Lopez-Sotelo: Did you ever interact with any regulators, and if so, what did those interactions look like, within Lending Arizona?

Rocke Andrews: Well, I mean, we had always thought that if you do business the right way, it's better for the industry and it's better for you as a business. And we would see competitors that were doing questionable activities. We would hear about it. They were violating RESPA [the Real Estate Settlement Procedures Act]. They were getting people approved that shouldn't be approved. So, we would contact the state regulator, Arizona Department of Financial Institutions, and we would report people or competitors that were doing questionable activities. They would call back and go, “We're not really the people to talk to about this. You need to talk to HUD [Department of Housing and Urban Development] and FHA.” So we would report them to HUD and FHA, and nothing would ever happen.

And it was somewhat discomforting to find that you're trying to do the right thing, and these people were making large amounts of money. There were people that were doing what was called “churning”, where they would refinance every six months the same borrower, and the disadvantage of that for the borrowers is that they're not building any equity. The disadvantage for the lender is that they're originating that loan with the expectation that it's going to be a certain time period, and so they're not getting the product that they want. And I would ask the lender, “Well, why do you keep letting them send you loans?” And they said, “Well, because their volume is so great.” So people were distracted by profit and greed at that point where they let things slide that shouldn't have been going on. Regulators were, I think, overwhelmed and didn't have the resources to investigate, but it was bothersome to find out that you were trying to do things the right way and would report violations, and nothing would ever come of it.

Malena Lopez-Sotelo: And you brought up a term, I believe it's a type of regulation called RESPA. Can you clarify what that is?

Rocke Andrews: RESPA, the Real Estate Settlement Procedures Act, and one of the key elements of that is that you cannot pay somebody for the referral of business. And the idea being is that it increases cost to the consumer, it doesn't necessarily mean that they originate substandard loans. It just means that you're increasing the cost of the consumer because by paying kickbacks or referral fees through other settlement service providers, you are increasing the amount that you have to charge the consumer and thereby increasing the cost of homeownership to consumers because of the way you're doing business.

Malena Lopez-Sotelo: Over the last decade, we have seen a number of different narratives emerge to explain the financial crisis. How do you understand what caused that crisis?

Rocke Andrews: I understand what caused that crisis was the belief that the cost of housing would never go down, unlicensed loan origination, and then, Wall Street, or insurers grading, or rating, mortgage pools at a higher level than they should have been. Because the fact that the lenders and originators could get so much compensation for the substandard loans made them the hotspot for new borrowers coming in because it made the homes very affordable for people that definitely shouldn't be in that type of product. But they were so profitable that the market went out and specifically tried to get those type of loans in because of the amount of money that they could make, and there was no real repercussions from Wall Street until all of a sudden those loans were no longer available. And at which point the demand for housing went down, which caused property values to go down because now all of a sudden, you weren't getting as many home buyers in. And so that was kind of what it was— you increased the pool of home buyers substantially over 10 years and then all of a sudden cut that supply off.

Malena Lopez-Sotelo: To what extent do you see your personal experience as adding something important to our understanding of what happened in the run-up to 2007-08?

Rocke Andrews: Well, I think I present the view from the loan originator. Banks have one point of view, mortgage banks, consumers, everybody has a different point of view on it. And I mean, it was Jamie Dimon of Chase was blaming the mortgage brokers for the crisis and saying it was the products. And what happened was it wasn't the products because interest rates never went up to the point where people were in adjustable-rate loans or their interest rates didn't skyrocket or anything due to the product that they were in. What happened was all of a sudden their house wasn't worth what they owed. And that was where the problem came in. And we were merely trying to deliver products that were in demand. Not to say that mortgage brokers didn't have part of the blame—it just— there was enough blame for everyone to go around. It wasn't one specific part of the housing industry. It just was the overall housing market and everybody had a part.

Malena Lopez-Sotelo: Looking back on the crisis over a decade later, what do you see as its most important lessons for mortgage lenders?

Rocke Andrews: I think the most important lesson is— licensing of loan originators I think was very important, determining the ability to repay a loan is very important, and don't ever believe that something's not going to happen just because it's never happened before. Housing prices do go down, as well as the fact that, as nice as it sounds, 100% homeownership isn't a realistic goal and that some people are better off renting than owning. And so deliver the product and make it available to as many people as you can, try to adapt your underwriting to different types of people and different cultures, but don't try to get everybody in.

Malena Lopez-Sotelo: Thank you, Mr. Andrews… we really appreciate your time.

[END OF SESSION]