

Mortgage officers jump ship

Boca workers sign on with rival firm

BY PAUL OWERS
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Home loan officers in Boca Raton clouded by their connection to subprime lender **New Century Financial Corp.** are reinventing themselves with the help of a rival.

Roughly 35 employees from the Boca office of **Home 123 Mortgage** have agreed to join **WCS Lending**.

The deal comes just days after Home 123 and its California parent, New Century, stopped funding existing loans and accepting new business in the wake of a nationwide shakeout of subprime lenders, which make loans to borrowers with weak credit.

Trouble deepened for New Century on Tuesday when California, Florida and other states told the company to quit taking mortgage applications and turn over pending home loans to rival lenders, the company said. **Fannie Mae**, the biggest source of money for U.S. mortgages, said it will no longer buy New Century's loans.

Irvine, Calif.-based New Century's managers have said the company may go out of business.

Eric Wallberg, who started Boca Raton-based WCS five years ago with partner Carlos Cepeda, said the addition of loan officers from Home 123 is "truly a perfect fit."

WCS also has offices in Fort Lauderdale, Southfield, Mich., and New York. It originated more than \$1.2 billion in home loans last year, with less

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than 10 percent of its business being the subprime market, Wallberg said.

Like WCS, the Boca office of Home 123 had few subprime loans, working mostly with affluent clients and handling about \$500 million in home loans last year. "We were making money hand over fist," said Louis Spagnuolo, a senior mortgage banker. "[New Century] wasn't definitive in the direction they wanted to go in, and we felt this was too compelling to pass up."

The 35 Home 123 workers in Boca resigned since Friday so they could start with WCS. About 30 employees went to work with other local mortgage firms, said Alan Reichstein, a Home 123 vice president who is moving to WCS.

"Nobody ended up without a job," he said.

Clients of Home 123 shouldn't have problems with their loans and might get better

interest rates now that WCS is involved, Reichstein said.

Home 123 also has offices in North Palm Beach and Plantation that are not part of the WCS deal, Reichstein said. An executive at the Plantation office referred calls to New Century, and an official in North Palm Beach could not be reached.

New Century, the nation's second-largest subprime lender, this month disclosed a criminal investigation related to the trading of its securities and accounting procedures. The New York Stock Exchange suspended trading in the stock and took steps to delist it.

Concerns over home loans made to high-risk borrowers that are defaulting during the housing downturn have rocked Wall Street in recent weeks.

The Home 123 deal with WCS is a precursor of things to come in the subprime market, said Jonathan Shapiro, chief executive of American Home Lenders in Plantation.

"A lot of loan officers are going to flee for safety, and some of the smaller places will ride out the storm or go out of business," Shapiro said.

Bloomberg News contributed to this report.

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