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A Conversation With... Terry Wakefield, Wakefield Company, Grafton

“Hard Lesson Learned in Home Loan Industry”

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An Article Written By Tim Carpenter

For the last five years, Grafton has been home to the Wakefield Company, one of the top management consulting firms in the residential mortgage industry.

Company founder Terry Wakefield has over 35 years of experience in the mortgage field, providing consultant services to companies that include Fannie Mae.

He is also a highly sought after media source on the mortgage industry, appearing in publications such as Bloomberg, Business Week and American Banker.

Residing in Mequon with his family, Wakefield attended Utah State University on a basketball scholarship and is owner of The Bog, a Arnold Palmer designed golf course in Saukville.

Wakefield talked with the News Graphic’s Tim Carpenter about his company, the current home loan crisis and the NCAA basketball tournament.



Terry Wakefield of Mequon has a nationally known reputation as a consultant in the mortgage industry.

How many years has your company been in operation?

“This version of The Wakefield Company started in January of 2003. This is the third time that my consulting practice has been launched. The first was in 1980 when we were



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retained by Fannie Mae to help it launch its very successful mortgage-backed securities business. In the mid 1990s, we were retained by a number of mortgage firms that wanted to figure out how something called the Internet would influence human behavior and the distribution of mortgages.”

Why locate your company in Grafton?

“When this version of The Wakefield Company began, I was determined not to fight traffic. Having lived in New York City and Chicago, I have witnessed the amount of time people waste in traffic. I live in Mequon, and I have a pleasant 10-minute commute.”

How did you get involved in the home loan mortgage industry?

“When I graduated from college in 1972, I was offered a job at a local savings and loan. They had a great management trainee program which taught me the basics of prudent lending practices and – maybe the more important lesson – the difficulty of collecting from customers who have fallen behind on payments. When you are required to work in collections, you quickly grasp the consequences of the human elements that cause delinquencies, divorce, job loss, irresponsible spending. Everyone that wants to work in the lending business should have to work in collections for at least six months. It is the best way to understand the importance of prudent lending standards and the benefit of helping customers who need time to work through their problems. When you lend people money, you are involved in their personal situations whether you like it or not.”

How is the current state of the home loan mortgage industry different than it was a year ago?

“The mortgage industry is currently experiencing the disastrous consequences of abandoning prudent lending standards for a four- to five-year period. Would any of your readers lend money to someone without verifying that the borrower has the ability to repay the loan? I doubt it. But that is exactly what the largest mortgage lenders in the USA did. This mess is not over. One of the next shoes to drop will be criminal prosecution of lenders who fundamentally altered their underwriting guidelines without advising their shareholders of the resultant risks. The Securities and Exchange Commission (SEC) requires disclosure of material events that could adversely impact shareholder value. I am not aware of any SEC-regulated mortgage lending enterprises that advised their shareholders of the consequences of making loans without verifying the borrowers’ ability to repay the debt.”



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In what ways can the effects of the national home loan mortgage problem be seen in the economy of Ozaukee County?

“Fortunately, Ozaukee County did not experience an unsustainable increase in real estate values. So, I do not expect to see reductions in property values similar to those that are currently impacting markets in California, Florida, Las Vegas and Arizona. Properties will take longer to sell, but I do not see real estate values declining more than 5 to 10 percent. However, neither Ozaukee County nor the rest of Wisconsin can escape the nationwide economic slowdown that is currently underway. In addition, rising oil and commodity prices are going to take a big bite out of everyone’s wallet.”

What lessons can the home loan mortgage industry learn from their current situation?

“It is insane to lend money to people without verifying that they have the means to pay you back. Hopefully, the industry has learned that lesson.”

Is there a particular lighthearted moment in your career you would be willing to share?

“The second day in my New York office I was at a meeting. This beautiful young woman walks by the meeting room. I asked the guy next to me ‘who is that?’ To make a long story short, within six months we were engaged. We’ll celebrate our 24th wedding anniversary in September.”

What is the highlight of your collegiate basketball career?

“In 1970, we made it to the Elite 8 in the NCAA basketball tournament. Playing in the ‘Big Dance’ was a real thrill.”