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Home-loan lenders still shedding jobs

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Central Florida's job losses in the troubled mortgage-lending industry are approaching 350 this year after the latest round of layoffs by another defunct lender, a state agency reported Wednesday.

First Magnus Financial Corp., based in Tucson, Ariz., which declared insolvency earlier this week, has shuttered its Maitland operation and laid off 66 workers, according to the state Agency for Workforce Innovation. It also closed its Palm Beach Gardens office and shed 51 jobs there.

First Magnus, the nation's second-largest privately owned mortgage lender, suspended lending operations last week and issued layoff notices to 6,000 employees nationwide. The company filed Chapter 11 reorganization under the bankruptcy code Tuesday.

It is the latest casualty of the mortgage-industry credit crisis, which first claimed scores of subprime lenders, who catered to credit-troubled borrowers, and has now spread to more conventional lenders, such as First Magnus.

Locally, it joins a list of lenders who have closed shop in Central Florida, including Metro Orlando-based Ivanhoe Mortgage, Atlanta-based HomeBanc Corp. and American Home Mortgage Corp. of Melville, N.Y.

Ivanhoe, which closed in February, was a subsidiary of Central Pacific Mortgage Corp., a now-defunct subprime lender. More than 50 lost their jobs in metro Orlando when Ivanhoe shut its doors.

Overall, about 340 jobs in Central Florida directly related to mortgage woes have been eliminated by companies as they closed, according to the state's work-force agency. Another 195 jobs, including some mortgage-related workers, have been cut by R-G Crown Bank, which is merging with Fifth Third Bank.

Other Florida markets have been hit harder, however, according to figures from the state agency. Jacksonville has lost 912 jobs this year, fueled largely by major layoffs by CitiMortgage, which phased out a large division. Tampa-St. Petersburg has lost more than 800 jobs, including layoffs by New Century Financial, Fremont Investment and H&R Block Mortgage. The Miami-Fort Lauderdale market has lost more than 630 jobs.

Overall, companies in Florida's major markets have shed more than 2,500 mortgage-related jobs so far this year, according to agency figures.

"We're in very challenging times for our industry," said Joe Nunziata, chief executive officer of



Orlando-based FBC Mortgage. "I don't think it is as bad as it is being portrayed, but it is not easy. I still say we're lucky to be in Central Florida, because this market is surely going to come back strong. But we still have a ways to go before it is stable again."

Rising loan defaults and delinquencies and growing foreclosures among homeowners have wiped out billions of dollars in value from many lenders' loan portfolios as housing values have receded. As a result, the mortgage lenders' own banks, nervous about their collateral, have issued payment-due notices or margin calls on their financing.

That has driven a growing number of conventional lenders into insolvency.

"Despite our extensive efforts to continue normal operations, First Magnus permanently shut down all of our operations, effective Friday, August 17," Michael L. Walker, a company lawyer, wrote to Florida's labor agency.

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