

Mortgage firm's chief took brokering road to the top

By Larry Weist

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Early training in real estate sales paid off for Greg Johnson

Greg Johnson always knew he wanted to own and operate his own business, but he didn't realize the path he would take to achieve that goal until after receiving an MBA degree and forgoing the opportunity to work with a large Chicago bank.

Johnson, president of Richards-Woodbury Mortgage Corp. had accepted an offer from Continental Illinois Bank to work in its Chicago real estate office but decided to wait several months after getting his MBA at Brigham Young University until his second child was born before joining the bank.

Over the summer months, after the end of school, he sold recreation land and began brokering commercial mortgage money. This gave him an unexpected direction in life.

"By the time October came around, I had decided to stay in Utah. We were just coming out of the real estate depression of 1974-75 and I had found a need — people needed mortgage money. I figured with so many people needing money, it would provide an excellent opportunity for a mortgage broker."

During the course of his mortgage brokering, Johnson also got his feet wet in real estate development, including residential subdivisions and the 100,000-square-foot Union Square shopping center in Sandy.

In 1977, Johnson opened his own mortgage firm, Granite Mortgage Corp. He had concentrated his MBA studies on real estate finance and found the mortgage brokerage business a natural.

"I wanted to contribute to the total real estate transaction and represent the interests of institutional investors. To do that, it's important to have a commitment to a base organization, such as a mortgage company.

"In the money brokerage business you find individuals who are in it only

for a finder's fee or commission, and I felt for credibility purposes and to provide for ongoing services, a mortgage company was necessary," Johnson says.

Granite mortgage became an FHA/VA approved lender and Johnson gives his brother, Brian, credit for developing a large residential business for the firm.

In early 1980, Johnson was talking with Wally Woodbury, lawyer for Richards-Woodbury Mortgage Corp., about a mutual business concern (they both served on a title company board of directors) and Woodbury suggested they get together to discuss merging their companies.

A merger was born in September 1980 out of those discussions with Granite Mortgage, and its 10 employees, absorbed into Richards-Woodbury.

Richards-Woodbury, with 60 employees, now originates some \$100 million in loan financing each year. The company, founded in 1954 by F. Orrin Woodbury, who remains as chairman, and Franklin D. Richards Sr., has been a significant residential and commercial lender in its history, but three years ago, became active in timeshare financing.

"We've increased our market share because we've introduced outside capital sources to the Intermountain area," Johnson says. As a result of bringing in money from other states, the traditionally capital-poor Utah is better able to finance its rapid growth.

Richards-Woodbury has also maintained its market share while other, less aggressive mortgage firms have had to readjust and redefine their lending practices and scale back.

"We will continue to be a leading force in the market — we have construction projects in California, Nevada, Idaho and southern Utah," Johnson says, adding the firm is building a



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timeshare resort at Big Bear Lake in southern California and a retirement community in Las Vegas. One of the largest loans the company has been involved with is for the Sports Center at Green Valley in St. George. This includes 234 condominiums in the first phase.

Johnson, who was born in San Jose, Calif., but raised in Boise as the oldest of seven boys and one girl, got an early orientation in sales and marketing from his father, an insurance man.

While attending Boise State University where he majored in social sciences and economics, Johnson completed an LDS Church mission to

France and Switzerland, and worked in the MasterCard department of Idaho First National Bank.

Johnson, who has written several articles for mortgage trade journals, is bullish on real estate for the average person, and says Utah's real estate future is especially bright because of the state's location and rapid growth.

"Utah has a quality of life and relatively cheap labor pool that is highly educated. Our cultural heritage and work ethic contribute greatly to our growth. As the country goes from an industrial-based to service-based economy, the strategic location of natural resources becomes less impor-

tant" - meaning Utah is in a good location because Salt Lake City is a convenient hub to other key locations.

"The state has attractive alternatives people are looking for, such as convenient recreation areas. From Park City to St. George, Utah has great recreational opportunities."

The vastly different real estate market of the '80s is a far cry from the go-go days of the decade from the late 1960s to 1970s, and Johnson doesn't expect the state to return to the boom-bust cycle of the years past,

"Now with deregulation in the financial services industry, we're seeing tremendous amounts of change, crossover and merging of traditional opportunities and consolidation of financial services under one umbrella. As change takes place, the question comes to mind — What role does a small independent mortgage banker fill? We see ourselves as a small boutique operator, providing sophisticated services to the industry," Johnson says.

"We see ourselves meeting the investment requirements of institutional investors that go beyond simply purchasing a mortgage. Institutional investors have an interest in real estate equities and participating mortgages," he says, partly because they saw what happened with inflation in the last decade and they now want a cut of the action to protect themselves against future inflation.

The days of the small real estate developer are pretty much over, he says, because of the financial risk involved and high degree of sophistication required for success. "The industry today requires increased skills and ability to manage and deal with risk factors and variables. Rapid communications and the computer have had a lot to do with the management of risk in a more interest-rate sensitive market."

Traditionally, this has been considered a local market, but now it's become national and international due to the rapid accessibility of funds and information, he says.

"It's interesting how we can now deal with a construction project on the West Coast, supervised by Richards-Woodbury in Utah with money from an East Coast investor. It presents a tremendous challenge, but it's been made easier because of communications. It used to be that you couldn't do that because the technology wasn't there. But today, you're forced to do it or get out of the business."

Johnson is quick to recognize the contributions made by others in the Richards-Woodbury organization, saying, "I feel strongly that the people in an organization make all the difference. I realized as a money broker there was only so much I could do by myself. The real emphasis in Richards-Woodbury is to maintain the high standards of excellence we feel the founders were committed to and we expect our employees to carry on the excellence."

Johnson and his wife, Kate, were invited to participate last fall in a people-to-people exchange in Europe with 39 other mortgage brokers and their wives. During the three-week trip, which he says was "a super experience," the Americans were introduced to the banking and mortgage systems of Holland, Switzerland, Germany and England.

The trip, he says, left him even more convinced the American system allowing widespread home ownership is still the best. "I believe ownership is very much an American value and our social financial system needs to continue to promote that."

Johnson met his wife, Kate, in Boise, although she is a Salt Lake native, and they are the parents of four girls. He is a member of the Holladay Rotary Club and is active in Boy Scouts, especially enjoying outdoor activities.