

Greg Kunder

Proving Yourself

It's never really easy to point a finger at the exact moment someone decides to strike out as an entrepreneur. It's a process—sometimes one filled with a lifetime of experiences that prepare the entrepreneur to go it alone. For others, it is a singular idea so unique that there is no one to share the risk. In other cases, there are simply those who want to be their own boss.

Today, two decades after founding HomeFirst Mortgage, Greg Kunder has no regrets about deciding to go it alone. His story is about someone who wanted to work for himself. That goal has kept him true to his vision in spite of the many obstacles that present themselves to the entrepreneurially-inclined.

Growing up outside of Detroit with his two brothers, Greg got an early start on learning to work for someone else. Reflecting on the job he held in his father's company at age 14, he laughingly remembers working in the warehouse for fifty cents an hour. "Frankly, upon reflection, I may have been overpaid, since having fun on the job was as important as filling orders," Greg recalls. Nonetheless, his time working for his father taught him the value of a job. His summers working in the family business also allowed him to witness firsthand the challenges and rewards of his own father's entrepreneurial efforts. While eventually his brothers decided to join their father in the family business, Greg could not see a time when, as the middle brother, he would ever be in a position to run the company. So, despite the fact that he would never join the family business, Greg is proud to acknowledge the very things that would enable him some day to strike out on his own—the many lessons he learned over the years from his father.

While Greg's work ethic and determination have ultimately proved to be powerful forces throughout his life, just as potent,

if not more so, has been his ability to engage in a kind of motivational judo—the process of turning positive and negative feedback alike into more driving energy. This essential skill was exemplified early on by encounters with a high school coach and his personal and academic counselor, each presenting Greg with two very different evaluations of his potential.

On the positive side was his track and field coach. An award winning coach, he was remarkable for bringing out the best in his athletes and for getting them to work together for the success of the team. During Greg's senior year, the coach led the team to a state championship. Incredibly, the team won without a single first place finish. Greg's coach's concept of team and shared goals elevated his programs and made him beloved by his charges. Greg, as one of the only triple-varsity athletes in his high school, was never going to be one of the most talented members of the team. "I certainly was not one of the four fastest

quarter mile runners on our team, but coach made sure I was one of the four members of the award winning mile relay team," Greg recalls. "He let me know that my inclusion on the team was out of his respect for my triple sport efforts, my hard work, and my attitude. His faith in me and his success in teambuilding have inspired me and guided me throughout the years. He let me know that, with hard work and honest effort, all things are possible."

On the negative side was Greg's high school guidance counselor. Though Greg was a member of the National Honor Society, a class leader, and a regular member of the Honor Roll, the counselor was a study in the art of discouraging the possible. At one point, in a conversation with Greg, the counselor had the temerity to criticize him for the notoriety Greg had received for his athletic endeavors. Greg was



simply dumfounded. He felt the criticism was undeserved, as he explained to the counselor that his teammates knew that they were a very integral part of his success. Over time, Greg continued to receive discouraging advice from this counselor, including his suggestion that Greg lower his expectations for his college choices. "Fortunately, I have never discouraged easily," Greg affirms. "His comments to me at the time certainly had a profound impact on me. Who knows—perhaps that was his true intent? All I know is that the word 'can't' is simply not in my vocabulary. Clearly, the relationship with this educator still resonates with me."

Between these two contrary influences, Greg quickly realized that both forms of feedback, if channeled properly, could be a powerful motivator. The lessons learned from each of them would prepare him for the challenges ahead. From then on, he would forever use affirming support to embolden him and doubts to motivate him. "As I grew up," Greg says, "my size left me feeling, as an athlete, that I was an underdog. I actually loved overcoming people's doubts. Frankly, I still like being underestimated. It certainly keeps you humble. Channeled properly, it can also serve as your motivation. One of the very special satisfactions in life is proving people wrong."

After college came enrollment in law school. After a year, however, Greg decided to leave to work on a political campaign in Washington, D.C. "My heart was not really in law school," he admits. "The University felt, and I agreed, that I should take some time to make sure that a career in law was what I really wanted." With the nation in the middle of another presidential campaign season, the timing was perfect. So, seeking adventure, off he went to Washington to join the re-election efforts of the President of the United States.

Over the course of the campaign Greg would work with some of the preeminent politicians of the day. As is the custom in political campaigns, campaign aids dream large. The mere thought of victory filled him with tantalizing thoughts of a position with the administration, eventually a lucrative post-White House career, and perhaps someday, a political office of his own.

But, as happens in every election year, someone loses. In this case, it was Greg's candidate. Left without a preeminent position in the White House, he took the next best

opportunity available to him at the time—a job as a busboy and waiter in a restaurant in Georgetown. As luck would have it, on the night of the new president's inauguration, a toilet overflowed. When his manager told him that it was his job to clean it up, Greg took stock of his situation and simply said to himself, "What on earth am I doing? We need to reevaluate." Using the incident to motivate him, he returned to law school, this time with a renewed commitment. "Some of these crazy experiences have certainly served as moments of clarity. They have shaped me," he affirms. "If I had never had these experiences, I am not sure my success would ever be as durable or as satisfying."

After successfully completing law school, Greg returned to working political campaigns in Washington, D.C., and later in New Hampshire. Still, a victorious campaign eluded him. When the unsuccessful candidate in New Hampshire offered him a position with his new company, a business on the cutting edge of the agricultural biotechnology industry, Greg jumped at the chance to join him. Over time, from delivering a litter of pigs in a three-piece suit, to working in tom turkey barns in the southeast and hog farms in the Midwest, he found his experiences with the company were as enlightening as they were exciting. But, after a few years of fits and starts, the future of the biotech firm remained uncertain. It was time to return to Washington.

A fortuitous conversation with a developer friend set him on the path that sustains him today. Upon mentioning to his friend that he wanted to resume a career in real estate, which he had started while in law school, he was instead encouraged to investigate the nascent field of wholesale mortgage banking. After a brief introduction to the industry with a local mortgage company, Greg settled on a position with a small mortgage origination startup. Seven years later, after a successful tenure that included promotion to president and exponential growth in mortgage originations, it was time to realize his own dream. Greg resigned his position to start his own company.

With that, in 1993, at age 40 and with two minority partners, Greg launched HomeFirst Mortgage Corp. He took with him the lessons learned over a lifetime, and through the ensuing years, those lessons have helped him persevere in an industry and an economy that have experienced unprecedented volatility. "Upon reflection, to be an entrepreneur is to live a life of incredible

highs,” Greg said, “and sometimes some pretty frightening lows.”

The housing debacle is a prime example of this. “After spending our first ten years building a strong origination sales team, a rock solid reputation, and a strong balance sheet, we suddenly began to see storm clouds on the horizon. Our company grew, as you can imagine, along with the rest of the market,” Greg says. “At one point we had 125 people working with us. While the easing of credit standards helped to fuel the explosive growth of the mortgage industry, since it allowed marginally qualified buyers into the market, it became pretty clear that the housing market was becoming a house of cards. It was apparent that we were playing a game of musical chairs. Increasingly we became concerned for the ‘last’ person in. What was going to happen to that person if the music suddenly died, if they could no longer sell their home? And believe me, the music certainly died. The housing debacle started as a trickle in 2007. When sellers could no longer find buyers, the ‘house of cards’ began to crumble. Suddenly, it seemed that everyone wanted to sell, but there were no buyers. Values had peaked and were now falling—fast. Within a year, the housing sector crash was reaching catastrophic proportions. No one could have imagined how far and how fast the economy would fall. We certainly hoped that we had prepared our company for the turmoil that was sure to follow.”

As the markets collapsed and foreclosures became commonplace, HomeFirst was fortunate to escape the fate of so many other mortgage origination companies. “Fortunately, we had never been much of a player in the subprime markets,” Greg says. “We never really tried to push the envelope to provide financing to unqualified homeowners. In the end, we weren’t faced with fateful calls from our lenders requesting that we repurchase loans for clients whose homes had gone into foreclosure. We had always been very, very conservative. In fact, our loan originators were very much aware that we had a zero tolerance policy for the doctoring of a file. Fraud perpetrated by an employee could easily put the company at risk of repurchasing a loan originated by the company. An enforced repurchase request could amount to a corporate death sentence. Our policy was very simple—if we found fraud in a file, we would fire the employee and refer them to the government for prosecution. This explicit

policy served us very well, for in the early aughts, when lending standards were eased and home values soared, the lure of big, fast money brought a lot of ethically challenged people to the industry. Clearly we were not the right fit for those inclined to take short cuts, so we avoided many of the problems that subsequently besieged our industry.”

For Greg, the most brutal financial crises in his memory simply provided another opportunity. While there remain a host of talented competitors, many more fled the industry during the crisis. He considers his company to be a survivor—battle-tested, more efficient, considerably more experienced, and better prepared to compete in the marketplace. Today, HomeFirst is a company of 60 people. It closed a third of a billion dollars in mortgage originations last year. In continuous operation since 1993, HomeFirst is headquartered in Alexandria, Virginia.

In discussing his survival, Greg is quick to point out that the credit does not rest on his shoulders alone. “We are still here today because we have wonderful people working for the company,” he affirms. “The average length of employment here is between seven and ten years. Some of our key employees have been with us for over eighteen years. Attracting and retaining exceptional talent has been just one of the many ways we’ve been extraordinarily lucky.”

Beyond the quality of the HomeFirst team, Greg’s management style has enabled some of his own best qualities in his workforce. “What I have tried to establish over the years is an organization that is simply an umbrella with a lot of quasi entrepreneurs under it,” he describes. “I’m really committed to passing along the idea that you, as the employee, are in control of your own destiny. My philosophy, drawing from a lifetime of experiences, is to create a company where ideas flow up as well as down, where the success of the one can create success for the many, and where teamwork and individualism can find a home together. If we can foster an entrepreneurial atmosphere and limit the risk to the individual, I believe the employee will enjoy much greater job satisfaction. It’s not my habit to simply tell them what to do—rather, I lead by example, support them, and create a productive and creative environment. The fact that people have stayed all of these years could be considered a testament to our philosophy and is one of the things I’m most

proud of in my professional life.”

Greg’s management style is an extension of his family—especially his parents. “I think the most important thing in life is your value system,” he says. “And my parents’ values were just unbelievable. I certainly learned my values from them. My mother turned 86 this summer. Her values have never wavered. My parents were always honest and fair. We might not always agree, and they didn’t always withhold judgment, but they were always fair.”

Today, Greg and his wife, Lari Anne, are proud parents of a college-aged daughter, Kelly. And as a father now himself, he echoes the father he learned from so long ago. “When my brothers and I were children,” he says, “he bought each of us a telescope. We knew, of course, it was his way of showing his affection, but we also knew it was something more than that. It was his way of demonstrating that there was something larger than all of us. He came from a very poor background. He saw the world as a merchant marine aboard an “oiler” at the end of World War II. Some might say that he could have been excused for failing to dream big. But he did dream big, and ultimately achieved much on his own. None of this was ever lost on me. Today, I still have that telescope—a continuing symbol of how important dreams and family are to me. I hope that Lari Anne and I can pass that vision along to our daughter, too.”

With Kelly only a couple of years from graduating college, words of advice to graduates are not far from his thoughts. “Take whatever job you can get and do it to the best of your abilities,” Greg implores. “The problem today is that too many eschew the idea of the entry level position. But I cleaned toilets with a B.A. and a spot in law school. I worked the phones for political campaigns and did a stint as a fundraiser. I worked with turkeys and hogs, swept floors, and promoted rap concerts. At times I worked for

pauper’s wages. I didn’t let any of it defeat me. None of the challenges I faced along the way dissuaded or discouraged me. Rather, they brought clarity, purpose and motivation. They taught me perseverance. Don’t be afraid to take that entry-level position. Prove that you are dedicated, a team player, and willing to work hard at the task at hand, whatever it may be. Make yourself indispensable. My own company is a perfect example. We typically promote from within. I like the idea that I have been able to get to know someone’s strengths, attitudes, and philosophies. And perhaps most important of all, when hiring from within, I know that we can trust them to protect the integrity of the company.”

Success in business can be the result of many factors, but as Greg’s story demonstrates, it all starts with you. Proving yourself is ultimately not about proving yourself to others. “Rather, it’s far more important than that,” Greg affirms. “In the end, it’s really about proving something to yourself.”

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