

# Richard Guber

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## People First

When 23-year-old Rich Guber accepted an offer from Hal Magruder to come work for his home building company, he suddenly had people reporting to him for the first time—many of whom were older than he was. Even from those very early days, his leadership philosophy centered around one important concept: that one must get to know employees and clients as people first, cultivating an understanding of who they really are. Now the CFO and Executive Vice President of Embrace Home Loans, a national mortgage lender that acquired Rich's company, he avows that knowing how to relate to people in this manner has been the foundation of his career. "I never feel that people work *for* me," he says. "I conceptualize of it as working *together*. Respect and trust are key in getting things done in business. You can't lead someone you don't know."

These lessons were put to the ultimate test several years later, when Rich and his partners were faced with the staggering task of guiding a financial services company, Mason Dixon Funding, through the financial crisis. Indeed, there were days it took every ounce of energy Rich had to put on a positive face that kept his employees and clients at ease.

"Are we going to make it?" people would ask him.

"We're going to make it," he would tell them. "Just do your job and leave the worrying to us."

As he watched the bedrock foundation they operated upon crumble both nationally and internationally, Rich felt a sense of powerlessness, as though the crisis was so far beyond his control that there was nothing he could do. He and his team, however, did not despair. Rather, they buckled down, met each morning, and mapped out what needed to happen that day. They lived in this style—day to day—ensuring they had

adequate cash to run the business and monitoring every loan they were closing. They became keen experts at every minute detail of the business, and somehow, they made it through.

"It was all-consuming," Rich reflects with a shudder. "Banks across the country weren't sure if they could fund our loans, which would mean we were out of business. So we pulled together a network of local banks and small investors and did all that we could. I had always made it a point to meet the lenders we dealt with and look them in

the eyes to foster real interpersonal understanding—a practice that proved to be our saving grace. In today's world of email, voicemail, and a startling lack of interpersonal relationships in business, that emphasis on personal connections was so important. When I called those people up to ask a favor, they remembered me. I was more than just an email signature. Those relationships we had were what got us through. That's how we've always run our business, respecting

and valuing interpersonal relationships."

In fact, Rich wouldn't be where he is today if his friend and business partner Kenny, who he had met through a mutual friend years before, hadn't reached out to him with the offer to join Magruder Companies. "We'd have meetings at 6:00 AM, and I wasn't used to getting up that early," Rich laughs today. "Regardless, I was thrilled at the opportunity to create a product that you could reach out and actually touch. The services aspect of the business went hand in hand with the actual tangible homes we were making, and I loved the whole concept that we were producing something nice in the community."

Magruder Companies also managed some of the properties they built, so Rich experienced all aspects of realty—taking a rural piece of land, acquiring entitlements, putting in infrastructure, building a house, and developing the roads.



"Watching a piece of dirt turn into a flourishing development with kids running around on playgrounds was among the most rewarding things I've ever done," he remarks. "Sometimes I still drive through those communities today. The trees have grown, and you feel part of something very special. It was a good time in life."

Together, the Magruder Companies team built a slew of apartments, single-family houses, townhomes, shopping centers, and office buildings in Montgomery County, Maryland. "That's where I really grew my career and my understanding of what it took to create a remarkable product in a construction-type environment," Rich remembers. "It was a great time in my life when we had a lot of fun, made a lot of great products, met wonderful people, and weathered storms like the S&L crisis in 1990. It prepared me very well for what I'm doing today."

The team had seen some of their friends achieve great success in mortgage banking, a business they themselves understood after being homebuilders over the years. They had their own portfolio of loans and began as a lender, attempting to handle the tougher loans around the DC metropolitan area but quickly finding that it wasn't for them, so they pivoted and became a traditional retail mortgage lender with a few loan officers. "We had one computer back then," Rich laughs now. "Everything had to be done on that computer, from credit reports to spreadsheets. But we grew, one building block at a time. We'd get a loan and do a high five at the end of the day. We learned the business from the ground up and certainly made some mistakes, but our standing in the community as good, honest people helped us with that growth."

With that, Rich and his partners, Hal Magruder, Kenny Kasnett, and Cary Reines, launched Mason Dixon Funding from scratch in 1996, working out of the Magruder offices in Gaithersburg until 2000 and then moving to a location in King Farm for three years. They then relocated to a larger office, with their branch offices growing quite a bit. "A lot of those experiences were new to all of us," Rich remembers. "Dealing with more people, more banking relationships, and the stresses and strains of owning a business—that was on our shoulders, but we enjoyed it. We really made something out of nothing. Being able to take that company and later navigate it through the market crash, creating

something with truly lasting value, was an incredible experience that showed me what I was capable of."

Before long, Mason Dixon had grown to nine offices from Delaware down to Lynchburg, Virginia. Except for one venture out into Alabama for a time, they kept their offices within a few hours' drive of one another for ease of access and integration. Focusing on retail mortgage banking with fully commissioned loan officers that had relationships with real estate agents, builders, financial planners, referral sources, and affinity groups, those loan officers essentially built their own businesses and didn't rely on leads from the company.

By the time Mason Dixon Funding was acquired by Embrace Home Loans in 2009, Rich and his partners had built it into a company of 125 employees that was closing over \$1 billion a year in loans throughout the mid-Atlantic region, making it among the largest privately-owned mortgage lenders in the area. "We felt that it was the right time to sell because, in order to do what we wanted to do and take ourselves to the next level, we needed a bigger company to align ourselves with," Rich explains. "As the financial crisis was winding down and the Dodd Frank regulations were changing the industry, we knew we would definitely benefit from a larger company, a compliance department, and greater marketing support."

Embrace Home Loans, formerly known as Advance Financial Services, is a direct-to-consumer mail program for residential mortgage lending headquartered in Newport, Rhode Island, that has evolved over three decades to do business in forty-six states. Data-driven and analytical, the company was founded in 1983 and eventually determined that it was time to branch out into another channel of business for the mortgage industry. That's why they reached out to Mason Dixon, a retail mortgage lender with brick-and-mortar offices that could add a retail mortgage banking dimension to Embrace's direct business-to-consumer model.

Rich and his former partners now represent the retail portion of Embrace Home Loans, which is about fifty percent of the total volume of the enterprise. They all hold executive roles in the company, with Rich overseeing the business's financial infrastructure. "I'm sort of the outside face of the company when it comes to

financial matters," he explains. "I deal with banking relationships, and as we are a business heavily dependent on credit facilities, we operate off of a fairly sophisticated financial platform."

Because the business is so heavily dependent on the interest rate environment, the low rates over the past several years have given Rich and his team the opportunity to fill in many of the seats that were vacant at the time they were acquired. "From an employee's standpoint, we have a lot more to offer now in terms of a more robust benefits package, better marketing, and better technology and training. We've taken a lot of strengths from Embrace's direct-to-consumer platform and translated them over to the retail platform, and it's really added to what we can offer retail loan officers in the marketplace. We have so much support for our loan officers that they can really be focused on sales, and so many aides to help build their businesses that they're really thriving. They have more time to sell and less to worry about in terms of administration. This, in turn, allows us to be stronger as a company. Our goal is to become a \$10 billion per year mortgage originator, landing us in the top ten privately-owned companies in the country."

As a young boy growing up on Long Island in a town called Jericho, Rich couldn't have guessed how his professional path would pan out. Those were the days when front doors could be left unlocked and kids were always outside playing hockey and football. It was a carefree kind of life, except for the tragic loss of Rich's father to colon cancer when he was seventeen. Then, when he was a junior in college, his twenty-four year old sister passed away as well. "I tried not to let these significant losses consume me,, but they were certainly powerful and profound events for me at the time," he recalls. "It really taught me the importance of valuing each day, and of loving your family. Today, my family is small but close, and we speak to each other multiple times a week."

Though he didn't really understand it when he was younger, Rich really appreciated how hard his father worked. He was in the music licensing industry, protecting the interests of artists when their works were played or reproduced around the world. "It was great going to work with him and seeing how people respected him," Rich remembers. "I would sit in his big chair and really observe what a strong

work ethic could accomplish. Now I run into people who will tell me how much I remind them of him, and that's a great honor."

Rich has also drawn a lot of strength over the years from his mother, who supported both a husband and daughter undergoing chemotherapy treatments simultaneously. "To make it through those times and still be a functioning, loving, wonderful lady is a true testament to the person she is, and I owe a lot to her," Rich says fondly. "We've been through a lot as a family, but it does make you strong in a lot of ways because it doesn't do you any good to wallow in self pity. That's not who I am, and it's not who my family is."

As a child, Rich's goal was always to go to law school to become an entertainment industry attorney so he could work with his father, but later, he felt much more in tune with his natural affinity for numbers and his innate attraction to understanding how business, strategies and relationships were built. "I've learned a lot over the years by asking a lot of questions," he remarks. He attended American University and then decided to stay in the Washington DC metropolitan area in 1983 after earning his degree, where he went back to graduate school for accounting.

Rich also went to work for a CPA public accounting firm for a year, which he found too limiting, but during that period of time he learned a lot about real estate, taxation, and partnerships — information he later utilized during his employment at the Magruder Companies. "I've looked at each part of my career as a building block for more opportunity," Rich affirms. This sense of cultivation and big-picture strategic mentality hints at the undercurrents of creativity that define every successful entrepreneur. "Whereas the industry I work in is relatively straightforward, entrepreneurship is not," he continues. "It demands a degree of creativity that really resonates with me and always keeps me thinking and challenged."

In advising young entrepreneurs entering the business world today, Rich brings his message back to the respect for humanity that has lent his business so much heart. "On your road to success, always remain a good citizen and a respectable business partner that never takes advantage of people," he urges. "From a personal standpoint, live with no regrets. Spend every minute you can with your children or your loved ones." Whether

he's spending time with his wife and five children, focusing on making Embrace the best it can be, or looking toward the future, Rich demonstrates that it's our relationships that make things happen in life, and our relationships that ultimately make those things worthwhile.

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– By Gordon J. Bernhardt, CPA, PFS, CFP®, AIF®

About Gordon J. Bernhardt

*President and founder of Bernhardt Wealth Management and author of Profiles in Success: Inspiration from Executive Leaders in the Washington D.C. Area, Gordon provides financial planning and wealth management services to affluent individuals, families and business-owners throughout the Washington, DC area. Since establishing his firm in 1994, he and his team have been focused on providing high-quality service and independent financial advice to help clients make informed decisions about their money. For more information, visit [www.BernhardtWealth.com](http://www.BernhardtWealth.com) and [Gordon's Blog](#).*

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